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Thai Police Determine Bomb Threats to ASEM 'Hoaxes'

BK0103023196 Bangkok THE NATION in English 1 Mar 96 p A2

[Unattributed Report]

[FBIS Transcribed Text] Bomb threats were received yesterday at the military airport at Don Muang and Central Department Store's Lat Phrao branch, but police checks determined the calls were hoaxes.

Apparently the callers just intended to frighten the public during the busy build-up to the Asia-Europe Meeting [ASEM], said Metropolitan Police Commissioner Lt Gen Sophon Waratchanon.

Extensive searches were made at the department store and the military airport after several threatening telephone calls yesterday, but no explosives were found, Sophon said.

"The callers must have some kind of mental disorder. They are happy to scare people," he said.

During the meetings today and tomorrow, police will try to keep protesters away from the venue, the Queen Sirikit National Convention Centre, for security reasons.

They may, however, be allowed to gather at certain places away from the centre, he said.

Sophon said security arrangements for the meeting were complete.

Police are well-prepared and he expects no violence.

Arrangements include deploying extra police at shopping centres and other public places to keep the peace during the meetings.

Five groups have confirmed they plan to rally at the convention centre today to bring their problem to the attention of participants.

Foreign Leaders Arriving To Attend ASEM in Bangkok

BK2902080996 Bangkok Cho So 100 Radio in Thai 0700 GMT 29 Feb 96

[FBIS Translated Text] Heads of states and government leaders are arriving in Thailand to attend the Asia-Europe Meeting [ASEM] in Bangkok. The latest head of state to arrive is President Suharto of Indonesia. Leaders who arrived earlier include: President Fidel Ramos of the Philippines, Premier Vo Van Kiet of Vietnam, Sultan Bolkiah of Brunei, Premier Li Peng of China, and Chancellor Helmut Kohl of Germany. The foreign minister of Denmark, and the prime ministers of Finland, the Netherlands, and Austria have also arrived in Thailand. The foreign leaders were welcomed by Deputy Prime Ministers Samak Sunthorawet and Air Chief Marshal Sombun Rahong.

Malaysia's Mahathir Arrives in Bangkok for ASEM

BK2902141596 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 29 Feb 96

[FBIS Translated Text] Similar to other meetings, the participating countries will use the Asia-Europe Meeting [ASEM] to strengthen bilateral ties among them. Datuk Sri Dr. Mahathir, the prime minister, is among the popular leaders.

So far, leaders of five countries have requested a meeting with Dr. Mahathir. They are: Singapore Prime Minister Goh Chok Tong, German Chancellor Dr. Helmut Kohl, Austrian Chancellor Franz Vranitzky, Ireland's Prime Minister John Bruton, and Thai Prime Minister Banhan Sinlapa-acha.

Dr. Mahathir arrived in Bangkok by special aircraft a few hours ago. After attending a brief welcoming ceremony conducted by the host country, Dr. Mahathir immediately held a meeting with Kohl.

When asked by journalists how Malaysia would react if the human rights issue were raised at the meeting on 1-2 March, he said:

[Begin Mahathir recording, in English] Well, if they bring [it] up, we will discuss it. It is not a problem. [end recording]

NGO's, Indonesia's Murdiono View Multilateral Investment

BK0103044596 Jakarta ANTARA in Indonesian 1851 GMT 29 Feb 96

[FBIS Translated Excerpt] Bangkok, 29 Feb (ANTARA) — Minister and State Secretary Murdiono has stated that Indonesia will reject possible multilateral investment because small and medium national businessmen will face great difficulties if that happens.

"If multilateral investment is allowed to materialize, small and medium national businessmen will be affected," Murdiono told reporters during a briefing on a meeting between President Suharto and Austrian Chancellor Franz Vranitzky in Bangkok on Thursday.

Murdiono raised the issue of multilateral investment because a number of EU members had floated an idea of multilateral investment in other countries.

The issue was discussed at a meeting of a number of Asian and European nongovernmental organizations [NGO's] several days before the Asia-Europe Meeting

[ASEM], which is scheduled for 1 and 2 March in Bangkok. [passage omitted]

Not Afraid

On a separate occasion Foreign Minister Ali Alatas said that Indonesia was not afraid at all of the possibility of the East Timor issue being discussed at the ASEM [words indistinct].

"There are other forums to discuss the East Timor issue. It would be totally irrelevant to discuss the issue at ASEM," Alatas said.

If Portugal raises the issue at ASEM, Indonesia could return by raising issues, which are irrelevant with the objectives of the ASEM itself, he said.

For example, Indonesia could raise the issues of Northern Ireland, Basque separatism in Spain, and growing religious sentiments in Europe.

On Thursday evening, the head of state attended a dinner banquet hosted by Thai Prime Minister Banhan Sinlapaacha at Oriental Hotel.

The head of state accompanied by Hartarto, coordinating minister for production and distribution, and Foreign Minister Ali Alatas left Shangri-la Hotel for Oriental Hotel aboard a ferry along Chao Phraya River.

NGO Representatives Deliver Appeal to ASEM Summit

BK0103050896 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 29 Feb 96

[FBIS Translated Text] Representatives of the Asia-Europe nongovernmental organizations, or NGO's, today delivered their appeal to the summit of Asia-Europe leaders to Sarot Chawanawirat, deputy permanent secretary of the Foreign Ministry. The appeal urges Asian governments to reject the EU demand made through the World Trade Organization for the liberalization of the telecommunications, merchant marine, and other economic sectors. The appeal also expresses deep concern over human rights violations and urges sincerity on the part of Asian-EU leaders to sign the treaty on a complete nuclear weapons test ban.

The NGO representatives then delivered their appeal to the EU representative office, the Italian Embassy, and the Thai Parliament, where the appeal was handed to Deputy Prime Minister Amnuai Wirawan.

NGO Meeting Makes Human Rights Priority; Meeting Ends

BK0103050996 Bangkok BANGKOK POST in English 1 Mar 96 p 1

[Unattributed report]

[FBIS Transcribed Text] The issue of human rights is one that Asian and European leaders are likely to touch on lightly, if at all.

But non-governmental organisations [NGO], which concluded their own meeting yesterday, take a different view.

They want ASEM [Asia-Europe Meeting] leaders to enter into a full discussion of the issues of democracy and human rights in their meeting starting today.

The NGO delegates condemn Indonesia's colonisation of East Timor.

They criticise the Thai Government for bowing to pressure from Jakarta and banning East Timorese resistance leader Jose Ramos Horta from entering Thailand to attend the conference.

They condemn the suppression of democracy and minorities in Burma, Britain's violations of human rights in Northern Ireland, and France's continuing domination of French Polynesia and New Caledonia

Organisers of the three-day Asia-Europe NGO Conference worked through the night Wednesday to produce a statement and a list of recommendations to the ASEM.

Two delegations submitted copies of the document to Thai and European officials yesterday morning.

They addressed their concerns to Deputy Prime Minister Amnuai Wirawan, the deputy permanent secretary at the Foreign Ministry, Sarot Chawanawirat, and the secretary to the EU delegation and Italian ambassador Aldo Dell Ariccia.

"We hope the recommendations will be transmitted directly to the ASEM leaders," said a member of the delegation.

The NGO delegates urged the British Government to immediately establish all-party negotiations to end the Northern Ireland conflict.

On Burma they urged ASEM leaders to suspend political and economic relations with SLORC [State Law and Order Restoration Council] until the military government enters into dialogue with Aung San Suu Kyi and releases all political prisoners.

They condemned the "shameless" efforts of the Indonesian government to prevent any discussion of East

Timor, and criticised the Philippines as well as Thailand for bowing to Indonesian pressure.

They urged the 25 leaders to ensure that women's rights are respected and promoted and that the benefits of economic development are shared more equitably.

They called for the improvement and strengthening of laws and legal mechanisms against the commercial and sexual exploitation of children and women.

They want to see more protection for migrant workers, who for the first time comprise more women than men.

They said they endorse the right of workers to organise and bargain collectively.

The NGOs and the Southeast Asian countries found at least one area of agreement on the issue of peace and security. The NGOs urged EU members to sign the Southeast Asia as well as the South Pacific nuclear weapons-free zone treaties.

The delegates expressed deep concern on the trade in and use of anti-personnel landmines, which, they pointed out, kill and maim great numbers of innocent people almost daily, particularly in Cambodia.

The delegates put forward an alternative vision of development, one that is "people-centred, socially just, economically equitable, ecologically sustainable and politically participatory."

ASEM Not To Consider NGO Recommendations on Human Rights

BK0103085196 Bangkok THE NATION in English 1 Mar 96 p A7

[Report by Don Pathan, and Surachai Chupaka]

[FBIS Transcribed Text] Leaders at the Asia-Europe Meeting [ASEM] will not consider non-governmental organizations' recommendations for Asian and European cooperation on the improvement of social welfare and human rights, the Foreign Ministry permanent secretary said yesterday.

"Asians are also concerned about human rights issues and trying to improve them. But the priority for the ASEM is to structure cooperation and develop common understanding between Asia and Europe," Permanent Secretary Thep Thewakun said after chairing the senior officials' meeting of the ASEM.

The first Asia-Europe NGO conference ended yesterday after three days with several key demands for the 25 leaders participating in the historic meeting today and tomorrow.

The gathering of some 350 participants, representing over 100 grassroots and non-governmental organizations from Thailand and abroad, sought to put forward a "people-centred, socially just, economically equitable, ecologically sustainable and politically participatory" vision to the governments of both continents.

In a formal statement handed to Deputy Prime Minister Amnuai Wirawan, the conference called on ASEM participants to suspend political and economic relations with Burma's military junta until it has entered into dialogue with Burma's National League for Democracy [NLD] leader Aung San Suu Kyi and released all political prisoners.

The gathering also called on the Burmese leaders to recognize the result of the 1991 elections which were won by the NLD.

Dr Khothom Ariya led a delegation from the conference and handed the same statement to the representative of the European Union delegation, the Italian ambassador and Sarot Chawanawirat, deputy permanent secretary of the Thai Foreign Ministry.

In the statement, the conference condemned the inaction of the British government over the last 18 months in relation to the ongoing conflict, and urged London to establish negotiations leading to a "comprehensive political settlement".

Among the goals were the release of political prisoners, demilitarization of all parties in the conflict and adherence to internal human rights standards.

The conference members expressed deep concern about the ongoing violations of human rights in East Timor by the Indonesian government.

They also called for the unconditional release of Xanana Gusmao and all other East Timorese political leaders, and endorsed East Timor's demand for self-determination.

"The first Asia-Europe NGO Conference strongly condemns what it characterized as the shameless efforts of the Indonesian government to prevent any discussion on East Timor at the ASEM, and strongly criticized governments such as the Philippines and Thailand for bowing to Indonesian pressure," said the statement.

The conference demanded that the EU governments phase out conventional arms sales to Asia, claiming these have triggered an arms race in the region.

It also called on the governments participating in the ASEM to negotiate a treaty specifying a rigid timetable for nuclear disarmament.

Moreover, the NGO statement called on Asian and European governments to ratify and implement the UN

Convention on the Rights of Migrant Workers, and to cease violation of workers' political and economic rights.

Jurgen Maier, of the Asia Foundation in Germany, said Sarot welcomed the NGOs' calls for EU members to accede to the Southeast Asia Nuclear Weapons-Free Zone Treaty.

"This (Sarot's response) was given in diplomatic language," said Maier. "Draw your own conclusions."

Concerning economic relations, the conference called on ASEM leaders to "oppose the introduction of a multilateral investment agreement into the WTO", along with liberalization of the telecommunications and maritime transport sectors.

"If such a WTO agreement were to be concluded, there would be disastrous consequences, especially for developing countries.

"Local farms, banks and other enterprises would not be strong enough to compete with multinational companies. Many of them would have to close down. Worldwide, vulnerable groups would suffer the most," said the statement.

In addition, the conference recommended that the European Common Agricultural Policy [CAP] be "fundamentally refocused and reformed".

CAP has resulted in heavy subsidization of European agriculture which in turn has encouraged the EU to dump agricultural products in Asian and developing countries, according to the NGOs.

"Governments must urgently agree on effective protection of small farmers and their livelihood and take all necessary measures to reverse the negative consequences of the WTO Agricultural Agreement," it added.

The NGOs also demanded that the trade in toxic waste and products between European and Asian countries be stopped through the negotiation of a code of conduct, standards and other mechanisms.

ASEM Senior Officials Meet To Discuss Agenda, Format

BK0103050096 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 29 Feb 96

[FBIS Translated Text] Senior Asian and European officials met all day today to prepare the agenda for tomorrow's Asia-Europe Meeting [ASEM] summit. The 25 senior foreign ministry officials of Asian and European countries met under the chairmanship of M.R. [Mom Ratchawong - royal title] Thep Thewakun, permanent secretary of the Foreign Ministry, in his position as leader of the Thai senior officials. They discussed the format and agenda of the summit and the draft statement of the summit chairman. The participants also discussed conveniences for the summit leaders and agreed that the area where national and government leaders meet will be off limits. Their delegations will be able to follow the meeting on closed circuit television and computer screens.

They disclosed that the summit participants will be joined by their senior officials about two to three hours before the conclusion of the meeting on 2 March in order to sum up the discussion on a framework for cooperation and its implementation— particularly economic cooperation, to which the European side is devoting special attention.

Japan's Hashimoto Proposes Asia-Europe Exchanges

OW0103135296 Tokyo KYODO in English 1326 GMT 1 Mar 96

[FBIS Transcribed Text] Bangkok, March 1 KYODO —- Japanese Prime Minister Ryutaro Hashimoto floated a set of specific proposals Friday for promoting exchanges and deepening mutual understanding between Asia and Europe.

At the second session of a two-day inaugural summit meeting of Asian and European leaders, Hashimoto proposed holding a business conference sometime next year to give a boost to the idea of setting up a more institutionalized business forum in the near future, a Japanese official said.

The establishment of a business forum is expected to be formally agreed upon by Saturday's close of the Asia-Europe Meeting (ASEM), an unprecedented gathering aimed at reinforcing the weakest leg of a tripolar world comprising Asia, Europe and North America.

The concept of the business conference as proposed by Hashimoto stems from concern that an institutionalized forum is unlikely to be set up soon as it will take time to resolve the questions of its working mechanism and operating costs, the official said.

Another proposal offered by Hashimoto at the Friday afternoon session was the convening of an international conference aimed at promoting exchanges among young people through discussions among young academics, artists and business people.

The Japanese premier also suggested a meeting of Asian and European customs officials be held as a joint effort to prevent drug trafficking.

The meeting would consider the coordination and simplification of customs procedures so as to tighten control over the international flow of narcotics, according to the official.

Hashimoto also reiterated his proposal to host an economic ministers' meeting in Japan next year as a follow-up action to perpetuate ASEM proceedings.

The idea was first floated at a meeting of Asian economic ministers in Chiang Rai, Thailand, in mid-February that prepared for the current ASEM gathering. Hashimoto again raised the proposal at the Bangkok summit in its Friday morning session.

This proposal, together with the three others, was endorsed in principle by the 26 leaders of Asia and Europe gathered at the parley, the official said.

The principal objective of ASEM is to fill in the so-called "missing link" between two of the three main centers of global economic growth — Asia, Europe and North America.

The Bangkok summit marks Hashimoto's debut in the multilateral diplomatic scene. This is his second overseas trip since coming to power in mid-January, after a whirlwind journey to California last weekend for a brief summit with U.S. President Bill Clinton.

At the first session of the ASEM gathering, the Japanese prime minister said Asia and Europe should enhance cooperation in tackling political, economic and other issues of global concern.

On the political level, he cited the need for the two regions to pitch in with international assistance to the Former Yugoslavia and to an international consortium working to contain North Korea's alleged push for nuclear arms.

He also singled out as an area of priority for Japan the proposed reform of the United Nations, saying attention should be paid equally to three areas of reform: the budget, the Security Council, and economic and social development.

Hashimoto also maintained that the proposed Comprehensive Test Ban Treaty (CTBT) aimed at halting all nuclear weapons tests should be completed at an early date. Tokyo has repeatedly called on other countries to conclude negotiations on the CTBT this spring and sign the treaty this coming fall.

On the economic side, he cited the need for the maintenance of a multilateral free trade regime under the World Trade Organization, a global trade watchdog that succeeded the General Agreement on Tariffs and Trade in 1995, a Japanese official said.

While noting the Asia-Pacific Economic Cooperation (APEC) forum promotes open regionalism, he voiced the hope the European Union will not turn its back on other regions but remain open to the rest of the world.

Hashimoto also proposed creating a network of private think tanks and promoting exchanges of young researchers in Asia and Europe so as to expedite intellectual cross-flows between the two regions, the official said.

Asian Leaders Agree to Thai Investment Cooperation Plan

BK0103022296 Bangkok THE NATION in English 1 Mar 96 p A1

[Unattributed Report]

[FBIS Transcribed Text] The leaders of 10 Asian countries agreed during their first informal meeting yesterday to Prime Minister Banhan Silapa-acha's proposal to set up working groups on investment plans for Asia and Europe within six months, a senior Thai official said.

Kopsak Chutikun, director general of the Foreign Ministry's Economic Affairs Department, said the working groups will comprise representatives from the public and private sectors and would be instructed to study six economic areas.

These are an investigation into the conditions and past progress in two-way investment between the two regions; identification of barriers for investment; identification of prospective investment sectors; matching the investment partnership between Asia and Europe to a third region, like Indochina, South Asia or Eastern Europe; the setting up of a financial network to mobilize financial support for identifying projects; and studying post-investment measures which include labour standards, technology transfer and the environment.

According to Kopsak, Asian support will be reflected in Banhan's opening speech to ASEM this morning.

The meeting yesterday between leaders of the seven ASEAN member states, as well as China, Japan and South Korea, was aimed at setting out a common position before they were to meet last night with the 15 European leaders over a dinner hosted by Banhan.

The meeting of the Asian leaders took place on the eve of their inaugural two-day summit with their counterparts from the 15-member European Union.

"The (Asian) leaders agreed that ASEM should be constructive, avoid sensitive issues and focus on investment and technology transfer," Kopsak said.

Chinese Prime Minister Li Peng was quoted as telling Banhan during their bilateral talks that China did not consider the differences between Asia and Europe as an obstacle for cooperation between the two regions, as long as both sides stick to the principle of reserving their differences and working for a common goal.

Kopsak said Thailand also proposed another 11 areas of cooperation between Asia and Europe. These included investment cooperation in the Mekong subregion, an environment centre and an Asia-Europe business forum.

Senior ASEM Officials Fail To Complete Draft Statement

BK0103081896 Kuala Lumpur THE STAR in English 1 Mar 96

[FBIS Transcribed Text] Bangkok — ASEM [Asia-Europe Meeting] senior officials could not finalise the chairman's draft statement yesterday when they failed to agree on interference and human rights.

Foreign Ministry secretary-general Tan Sri Ahmad Kamil Jaafar said the senior officials hoped to complete the draft statement today.

Kamil said the Asian and European countries could not agree on a paragraph which outlined that the dialogues must be based on principles of non-interference in each other's internal affairs.

He said they also could not agree on human rights mentioned in the statement where the Asian countries were willing to accommodate the paragraph but wanted all relevant declarations to be mentioned and not just one which Europe proposed.

It is learnt that the EU is unwilling to accept the term non- interference on grounds that it was not necessary in the post Cold- War era.

Kamil said the senior officials had reached an agreement to allow Asian economic ministers to sit in the ASEM ministerial session which Europe originally wanted only foreign ministers to attend. "The informal agenda at the ministerial session will focus on global issues which affect both regions and follow-up action on the ASEM leaders decisions, which will include economic matters," he said.

He said the officials had also agreed to accept a suggestion that while the European Commission would act as the co-ordinator for the 15 European countries in ASEM, the Asian co-ordinator would be rotated among the 10 states. "Thailand will assume the role of co-ordinator after the first ASEM meeting and it will be passed on to another member the following year," he added. On the question of new membership into ASEM, he said the officials had agreed to abandon the idea for the time being "since we have not even started the ASEM network." Thai Foreign Ministry permanent secretary T. Thewakun, who chaired the senior officials meeting, said ASEM was already a large forum with 25 core members and the question of new members should be put off until ASEM was progressing.

'Sensitive Issues' Removed From ASEM Agenda

BK0103021796 Bangkok THE NATION in English 1 Mar 96 p A1

[Report by Marisa Chimprapha, Surachai Chupaka and Wichit Chaitrong]

[FBIS Transcribed Text] European Commission President Jacques Santer said last night the Asia-Europe Meeting [ASEM] starting today would avoid sensitive issues, insisting the forum was not meant for confrontation.

The statement came shortly after the leaders of 10-Asian nations agreed to thwart any attempt by the European Union (EU) to raise the sensitive issue of human rights, especially related to Indonesia's annexation of East Timor.

Saying the Europeans were here to seek "cooperation, not confrontation", Santer, who became president of the commission last year, said the talks with Asian counterparts would focus on economic affairs and other constructive issues which would not ruin the unprecedented atmosphere.

Earlier, the Asian leaders pledged to honour a request by Indonesian Foreign Minister Ali Alatas to "put the brakes on" an expected attempt by Portuguese Prime Minister Antonio Guterres to raise East Timor, one of the most sensitive issues, Asian officials said.

Prime Minister Banhan Sinlapa-acha successfully sought a commitment from Italian caretaker Prime Minister Lamberto Dini — who is the current president of the EU — that Asia and Europe would avoid discussing any sensitive political and social issues as well as any bilateral conflicts.

Banhan also held separate bilateral meetings with the leaders of China, Singapore and Japan.

According to Suraphong Chaiyanam, the Thai foreign ministry spokesman, the EU president agreed that any sensitive issues should be avoided in order to create an atmosphere in which the 25 leaders could forge cooperation.

There were conflicting reports last night as to whether the EU leaders themselves had reached an agreement to ask Portugal not to raise its concern over human rights abuse in East Timor — an issue vigorously debated by the NGO forum.

A summit statement, drafted by Thailand and to be finalized by the leaders in their discussions, stipulates that the two regions will conduct their relationship "on the basis of non-interference in each other's internal affairs," reported KYODO agency.

Bus European countries say the passage is not acceptable in its present form and demand it be scrapped or modified by adding a reference to "internationally agreed principles and obligations", sources said.

Deputy Prime Minister Amnuai Wirawan said he had received the NGO's package of concerns, including human rights and social conditions of workers, but they would have to be considered further. He indicated that the ASEM agenda was full.

Both sides also thrashed out the issue of new ASEM members yesterday. Sources said the 10-Asian leaders agreed on a moratorium on new members for the moment, since the present number is already large.

But they did not deny that new members could be accepted in the next two years if they met the criteria for entry, initially as observers. Britain will host the next ASEM in London in 1998, as it will hold the EU presidency then.

Many of the European nations including Britain have appeared to want India, Australia and New Zealand to join the ASEM.

Aphinan Phawanarit, director general of the Foreign Ministry's European Affairs Department, said both Asia and Europe have agreed to jointly set criteria for new members. Previously each side was responsible for its own nominations.

Asian Nations Divided on Admitting More Members to ASEM

BK0103030696 Bangkok THE NATION in English 1 Mar 96 p A3

[Report by Kunlachada Chaiphiphat and Chirawat Na Thalang]

[FBIS Transcribed Text] The leaders of the inaugural Asia-Europe Meeting [ASEM] will not decide on new membership but let their senior officials work out procedures to nominate new applicants, Foreign Ministry Permanent Secretary Thep Thewakun said yesterday.

Thep said ASEM participants agreed the present number was enough.

"The issue will be raised by the grouping at a later date. However, an increase in the number of participants might be considered accordingly, such as how to set up a nomination procedure and consider the applicants," Thep said after chairing the ASEM senior officials meeting.

The Asian position remained divided over the new membership issue as India, Pakistan, Australia and New Zealand have all indicated that they want to join the grouping "It seems that there was less argument about India joining ASEM," said a senior Asian official. India will be admitted as an ASEAN dialogue partner this July.

Asian countries attending ASEM are the seven Association of Southeast Asian Nations countries plus China, currently an ASEAN consultative partner, and Japan and South Korea, Asean dialogue partners.

Indonesia and Singapore shared the view that India and Pakistan should be brought in considering their geographic and economic potential, but Malaysia made it clear that Australia and New Zealand were not qualified to be part of Asia.

Diplomatic sources said China is expected to lay down its position on the membership question.

According to the sources, China sees the present membership as large enough and feels the membership criteria should be to allow only sovereign states to join and a consensus approach adopted.

China, wanting to avoid the joint participation of the three Chinese-speaking countries in APEC (Asia-Pacific Economic Cooperation), is concerned that ASEM will evolve to include Taiwan, which its considers a renegade province.

Spokesman for the Japanese delegation Hiroshi Hashimoto, however, side-stepped the question of Japan's support for Australia and New Zealand's participation. "Membership will be discussed. From the outset we already have 25 members. We Asians are entitled to increase our membership numbers and so are the Europeans. But we do not want to name any prospective member by name," he added

Hashimoto said Japan basically supported the idea of enlarging ASEM and also said membership should be decided on a consensus basis.

"The summit wants to deal with this topic diplomatically, but we also want to have a consensus from all members," he said.

Both Asian and European countries have agreed to let the respective regions decide on their own new members.

Russia, Hungary and Poland have indicated interest in membership, but the European criteria for ASEM membership is rigid because to join the country must be a member of the European Union.

Officials Comment on ASEM Social-Trade Link Issue

BK0103090396 Kuala Lumpur THE STAR in English 1 Mar 96

[Report Harpajan Singh and Shahanaz Sher Habib — received via Internet]

[FBIS Transcribed Excerpt] Bangkok — Asia is prepared to discuss at the Asia-Europe Meeting (ASEM) the human rights issue which the European Union wants to bring up, Datuk Sri Dr. Mahathir Mohamed said yesterday. [passage omitted] Dr. Mahathir said Malaysia hoped something positive would come out of the summit, which brought together the 15 EU partners and 10 Asian countries to discuss political and economic cooperation. Asked if ASEM should have a secretariat to follow up programmes, he replied: "Not for the moment." Italian Premier Lamberto Dini, who is president of the European Council, said here yesterday that the EU would definitely raise the (human rights) issue. Two days ago, Thai Prime Minister Banhan Sinlapa-acha said he would let the leaders decide whether human rights should be raised when EU mounted its pressure to include it in the agenda. It is learnt that Asian countries have agreed to retaliate collectively if Europe uses the discussion to hammer specific Asian countries for alleged violations. EU's external trade commissioner Sir Leon Brittan said he was ready to reassure International Trade and Industry Minister Rafidah Aziz that the EU would not link social clauses and labour standards to trade. Rafidah told a press conference yesterday that Malaysia did not want ASEM to repeat the mistakes that were made at the Asia Pacific Economic Co-operation (APEC) forum. She said Malaysia had rejected Bangkok's proposal to set a 2020 free trade deadline for ASEM at the ministerial session on February 15.

Italian Prime Minister Comments on Bangkok Summit

LD2902204596 Rome RAI Radio Uno Network in Italian 1800 GMT 29 Feb 96

[FBIS Translated Excerpt] Tomorrow in Bangkok the first Asian-European summit will open. Heads of state and government arrived today. Italy is represented by Prime Minister Lamberto Dini and Foreign Minister Susanna Agnelli. This is an important summit, both from an economic and social point of view. Prime Minister Dini has already met the press and also raised purely Italian matters. Americo Mancini:

[Mancini] [Passage omitted on Italian politics and economic success of region] The shadow of two interrelated problems also hangs over the summit: the problem of human rights and the exploitation of child labor. According to Dini, who is also filling the role of president of the European Union, these are two problems that must be resolved, although he is also convinced that the economy can be a sort of panacea for all illnesses.

[Begin Dini recording] Certainly, we will also be discussing these questions. However, there must be respect for the speed at which these problems can be confronted in individual countries. [Word indistinct] rapid progress and economic progress will also bring greater social progress, for those who believe that social progress has not been sufficient in relation to the economic progress that these countries have achieved. [end recording]

Thailand's Banhan Hosts Banquet for ASEM Attendees

BK0103101696 Bangkok ZHONG HUA RIBAO in Chinese 1 Mar 96 p 1

[FBIS Translated Text] Prime Minister Banhan Sinlapa-acha hosted a dinner banquet in honor of the 24 heads of government and the president of the EU Commission, who are in Bangkok to attend the Asia-Europe Meeting [ASEM], at the Oriental Hotel last night. He said that the dinner banquet served as a venue for the leaders to exchange views and seek cooperation concerning the format and directions for the ASEM so that the meeting can reach a consensus without creating conflict to enable the meeting to succeed. The Chinese prime minister agreed with Banhan's views.

On the occasion, Prime Minister Banhan Sinlapa-acha praised China for achieving great success in national economic development in recent years.

Talking on Sino-Thai bilateral relations, Prime Minister Li Peng said current relations between the two countries are very good and very close and they have mutual understanding. There is no problem between the two countries.

Li Peng said that the Chinese Government felt greatly honored by Her Royal Highness Princess Maha Chakkri Sirinthon's acceptance of an invitation to pay another visit to China. Her Royal Highness Princess Maha Chakkri Sirinthon has played an important role in promoting cultural exchanges between the two countries and the peoples and strengthening understanding and bilateral relations.

Prime Minister Li Peng that he supports Chinese investment in Thailand, such as in a deep-seaport project.

Banhan said that the Thai Government supports the Chinese Government's policy on the subject and will provide facilities for Chinese investors.

Banhan said that the EU's support will enable the ASEM to succeed and benefit all parties.

Although there are differences over values and codes between the two regions, they will not become obstacles for the two regions in seeking cooperation and compromise, he said.

He believed that Asian and European countries will strive together for progress for the sake of mutual benefit.

Thai Prime Minister Speaks at Dinner for ASEM Leaders

BK0103125096 (Internet) Thai Ministry of Foreign Affairs Asia-Europe Meeting WWW in English 1 Mar 96

["Unofficial translation" of remarks by Thai Prime Minister Banhan Sinlapa-acha at a dinner in honor of the heads of state and government attending the Asia-Europe Meeting [ASEM] at Government House in Bangkok on 1 March]

[FBIS Transcribed Text] Your Majesty, Excellencies, Ladies and Gentlemen,

I should, once again, like to welcome Your Majesty and Your Excellencies to Thailand. In the course of our discussions today, I have had the distinct privilege of getting to know each and every one of you better. I feel that these warm personal ties forged between us, the Leaders from Asia and Europe, are a vital ingredient to the beginning of a new era in relations between our two regions. I hope to continue to keep in touch with all of you in the months and years ahead.

We have had the opportunity today to exchange ideas on how we are to move forward together to build a common vision of the future of shared interests and mutual benefit. Many initiatives were proposed. I sincerely hope that in the remaining session tomorrow, we can all join hands to lay out some concrete follow-up measures in order to ensure the success of our Meeting and to realise this common vision.

Few things bring more joy than the rediscovery of old friends, for our two regions have been in contact with one another for many centuries. What we hope to accomplish now is to transform this friendship into a New Comprehensive Partnership for Greater Growth between Asia and Europe — one which will ultimately serve the interests of those who matter the most, namely, the ordinary citizens of the two regions.

May I propose a toast to the success of the Asia-Europe Meeting and to the New Partnership between our two regions as well as to the progress and prosperity of our countries and peoples.

Thank you.

ASEM 'Reluctant' To Make Decision on Russian Membership

BK0103045196 Bangkok BANGKOK POST in English 1 Mar 96 p 8

[Report by Nusara Thaithawat, Suphaphon Kanwerayothin, Anurat Maniphan, Saritdet Marukathat, and Mutsara Sawatsawang]

[FBIS Transcribed Text] Russia has formally applied to join future Asia-Europe meetings [ASEM] but has been told it must wait as existing members are reluctant to be pushed into an early decision on expanding the forum.

Russia's move "shows ASEM is important", Thai Foreign Minister Kasemsamoson Kasemsi told the BANGKOK POST.

But the procedures for accepting new members are still to be worked out, he said.

"We are toying with the idea of whether the decision should be made in London," Mr Kasemsamoson said.

Britain has offered to host the next summit of Asian and European leaders in 1998.

A host of other countries have also expressed interest in Joining.

In an interview with the BANGKOK POST, British Prime Minister John Major said he "regretted" India, Pakistan, Australia, and New Zealand were not taking part in the first summit opening here today.

"There already exists an EU/ASEAN forum. For this summit to merit the title of an Asia-Europe Meeting, it needed to include more than ASEAN," Mr Major said.

China, Japan, South Korea, and the seven member states of ASEAN — Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam — make up the 10 Asian states taking part in the summit.

European leaders are from the 15 members of the EU and the European Commission is represented.

Russia formally submitted a request to join ASEM last Wednesday.

It submitted aides-memoire simultaneously to Thailand as the current host, the European Commission in Brussels, and to Italy, which currently holds the rotating EU presidency.

India, Australia, New Zealand, Poland, and the Czech Republic have also expressed an interest through diplomatic channels.

Russia did not say whether it was applying as a European or Asian member.

Igor Akimov, counsellor of the Russian Embassy in Bangkok, said Russia's participation would be "quite understandable and justified" due to its political and economic potential which could play a significant role in the positive development of Asia-European dialogue.

Russia has also applied to join the Asian Pacific Economic Cooperation forum, which includes the United States, Australia, New Zealand [illegible]d countries joining the Asia-Europe Meeting.

A senior Japanese official said Australia and New Zealand had played a "constructive role" and argued priority for new membership should go to such countries.

"The Russians know they have not played a constructive role. They have to prove themselves," the official said.

"We will treat the idea gently and discuss it, but there is no hurry," he said.

Foreign Minister Nguyen Manh Cam of Vietnam, a former ally of the Soviet Union, and the latest ASEAN member state, said the Russian question had not yet been discussed.

But Vietnam would follow whatever decision heads of government reached.

And Thai Foreign Ministry Permanent Secretary Thep Thewakun stressed the current priority is to get this meeting off the ground. The present participation is already large, he said.

Asian participants have agreed ground rules should be established for accepting new participants, but they have not reached any conclusions on what the rules might be, he said.

Deputy Prime Minister Amnuai Wirawan said it was "too soon" to speak of expanding membership .

An official at the Indian Embassy in Bangkok said New Delhi had expressed interest in joining ASEM "through diplomatic and other channels" .

"We believe India is eminently qualified to be part of ASEM, whether you take into account our size, population, or the economic dynamism over the past few years," he said.

China was reportedly opposed India's push for membership and unhappy with December's decision to upgrade India's relationship with ASEAN to that of full dialogue partner.

China, which is a "consultative partner" of ASEAN, asked for full dialogue partnership with the group a long time ago and is still waiting for an answer.

Taiwan also would like to join.

"We are part of Asia and we want to take part in Asian affairs," said Mr Ho Wen Hsiung, director of the Information Division of the Taipei Trade Office in Bangkok.

He said Taiwan was an economic powerhouse and should be included in talks on trade and investment between the two regions.

But China which is "particularly interested" in joining ASEM but regards Taiwan as a renegade province, would "certainly object", observers said.

Japanese spokesman Hiroshi Hashimoto said Tokyo would like to see more countries join "to strengthen dialogue".

"We support enlargement," he said, but added it was important meetings should remain "manageable."

Mr Hiroshi said some countries may feel there is an imbalance between the two regions.

European Commission Vice President Sir Leon Brittan refused to comment on the Russian question, saying only "we have not had a chance to consider that."

EU President Addresses Opening of ASEM in Bangkok

BK0103074196 (Internet) Thai Ministry of Foreign Affairs Asia-Europe Meeting WWW in English 1 Mar

[Speech by Jacques Santer, president of the European Commission, at the opening of Asia-Europe Meeting in Bangkok on 1 March]

[FBIS Transcribed Text] Excellencies, Ladies and Gentleman, two basic reasons have brought us here today.

The first reason is our increasing awareness of the growing interdependence between Asia and Europe. This is a necessary but not sufficient condition to foster and ensure closer cooperation. We Europeans feel the necessity to work towards a border convergence of our interests with Asian countries. But for this to succeed we must dedicate time and effort.

The second reason is that the European Union is keen to know Asia much more. This, in a spirit of mutual respect, objectivity and curiosity to improve our mutual understanding. Although we come from different traditions, we are all attached to the universal values which belong to all humanity. Values which have become international norms in the UN Charter and the UN Conventions to which we are all committed.

In this context, the European Union has already set itself an ambitious agenda. Meeting in Essen in December 1994, the European Council agreed the following objectives:

A commitment to contributing to peace and stability in Asia.

A continuing contribution to the common pursuit of a world based on democracy, the rule of law, and the respect of human rights and fundamental freedoms.

Strengthening economic relations between our two regions and reinforcing the European Union's political and economic presence in Asia.

Promoting the economic well-being of the less prosperous countries and regions in Asia and sustain our assistance to these countries.

This policy decision was by no means unexpected. Over many years, the European Union has established substantial ties with the Asian States participating in ASEM [Asia-Europe Meeting] including a number of bilateral or multilateral dialogues and formal agreements. For the first time, however, thanks to the ASEM initiative, we can take a more global approach. Indeed, a deeper, more friendly approach by creating a new atmosphere between us. Personally, I am convinced that the time is ripe to move towards more profound regional relations that will complement our bilateral relations.

In the last decade, Asia and the European Union have been changing at an unprecedented speed, it is of paramount importance that those changes are fully understood; misperceptions dispelled; information exchanged; common interests and objectives identified.

We, in Europe, fully acknowledge the importance of what our Asian partners have achieved both politically and economically over the last decade. Achievements that have contributed to spreading peace, stability and prosperity.

Politically, we have witnessed a growing number of substantial regional initiatives. A substantial multilateral dialogue has been established between Asian countries themselves, and within the Asia- pacific region. There are the successes of ASEAN, APEC [Asian Pacific Economic Cooperation] and, of course, the ASEAN Regional Forum.

We have seen South East and East Asia become the fastest region in the world. This impressive achievements offers an enormous potential for growth in European trade and investment relations with Asia. It is important to note that in 1994 the volume of EU trade with the countries of East, South and South-East Asia exceeded our trade with North and South America. Who would have thought that a decade ago? I want this growth in trade and investment to continue and accelerate.

Now let me briefly outline what we in the European Union are trying to achieve.

The European Union has also made major strides forward in recent years. Our process of European integration has reached a new stage with the entry into force of the Treaty in Maastricht which in 1993 laid the foundation of the European Union.

This process of integration will continue in the years to come. There are now three major items on the European Union's agenda:

The establishment of European Economic and Monetary Union from 1 January 1999 which will introduce a single European currency: the EURO. This is of major importance and it will happen on time.

A new round of institutional reforms to be decided in the Intergovernmental Conference in order to adapt our structures to the prospect of further political integration and enlargement. And,

The enlargement process itself, whereby the European Union hopes to expand to the East and the South.

No-one should under estimate our determination to continue deepening European political integration. It brings us great benefits - economic, cultural, political and of course, that most precious asset of all - peace. Indeed the longest period of peace among our peoples this century.

But this agenda does not mean we are becoming less open towards the outside world. Let me remind you of a few facts:

We worked successfully together with Asia in the Uruguay Round to remove barriers to trade and to lower tariffs. For the EU, nearly 40% of our imports of manufactured goods will be duty free in the coming years, while tariffs on other products will fall by at least a third during the next decade. Our cooperation in the WTO financial services negotiation is another good example.

The Single European Market has greatly improved the opportunities for third countries to do business in the European Union. Public procurement is opening up, as are telecommunications and others sectors.

Further political integration is also a source of great stability, much needed in today's world. Another sign of our openness is that we remain, for example, the world's largest external aid donors.

The European Union therefore is open-minded and outward looking, policy-wise as well as in practice. So let me underline that Asia to welcome in Europe; as partners; traders; investors; and friends.

How then should we jointly shape our future?

Firstly, by working together to ensure the smooth functioning of the multilateral trading system which is so vital for maintaining long-term growth and prosperity. Let us work together and be determined to resist all forms of unilateralism and managed trade. Let us work together closely in order to prepare the Ministerial meeting of the World Trade Organization in Singapore later this year. Let us use the ASEM process for discussing those new subjects that should be taken up by the World Trade Organization, identifying together our main issues of concern. Let us work together on investment and intellectual property rights.

If two great regions of the world agree on the agenda, and agree to pursue that agenda together, the chances of moving forward on issues of key importance to both of us will be greatly enhanced.

Secondly, by intensifying science, technology and research cooperation between Europe and Asia which could be of considerable benefit to both regions, given our leading positions in many high technology sectors.

Thirdly, by cooperating together to make the Global Information Society a reality and a benefit for all our peoples.

Fourthly, by focusing on our joint heritage - the environment. Degradation of the environment with all its negative repercussions on global warming, deforestation and desertification is of increasing concern to both regions. Let us cooperate together and develop joint policies to sustain our planet for future generations.

Fifthly, poverty alleviation. Access to good health and education remain critical challenges. Europe and Asian participants in ASEM should join as partners to help the less developed countries in Asia, and the least favoured groups in society, to share in the increasing prosperity of the region as a whole.

Finally, let us develop a cultural dialogue. Both our regions contain the origins of very ancient and diverse civilizations and cultures, Let us learn from each other's experience - for example, by encouraging more tourism, educational exchanges, and so forth. In a nutshell, let us work to bring our people together, as was confirmed at the Europe-Asia Cultural Forum in Venice in January.

In summary, and as a tribute to the hospitality which is being extended to the European Union today, let me make the following wishes:

To discuss what we have to discuss, in full awareness of the differences.

To work more intensively together to expand our mutual trade and investment.

To define our ambitions and common interests.

To agree to pursue this dialogue, not necessarily in a formal way, but in an efficient way.

To recognize that now is the moment to begin a renaissance in our relations.

Thank you.

Thai Prime Minister Addresses ASEM Opening in Bangkok

BK0103065996 Bangkok Thai Color Television Channel 9 in Thai 0252 GMT 1 Mar 96

[Speech by Thai Prime Minister Banhan Sinlapa-acha opening the Asia-Europe Meeting at the Queen Sirikit Convention Hall in Bangkok on 1 March 1996 — live]

[FBIS Translated Text] Your Majesty, Your Excellencies, Presidents and Prime Ministers, Ladies and Gentlemen:

On behalf of the Government and people of Thailand, it is my great honor and pleasure to extend to Your Majesty and Your Excellencies our cordial greetings and warm welcome to this historic and important meeting between the leaders of the East and West. Never before has such a large gathering of European and Asian leaders taken place on Asian soil, on mutually-agreed terms.

We are assembled here with one common purpose: to create a dynamic new link between Asia and Europe and to form a new partnership.

For some time our regions have been preoccupied with different priorities and did not maintain the close contact that we should have. While Europe concentrated on economic and political integration, Asian countries pursued a course of economic growth and development. The time has now come for us to take advantage of the synergy inherent in our long-standing relations in the interests of the two regions.

Signalling a desire for shared prosperity and security, Europe's rediscovery of East Asia comes at a time when prospects for cooperation are brighter than ever. Asia's success, won through hard work and self-help, has given us newfound confidence and eagerness to work with friendly countries for mutual benefit and happiness.

Growing Asia-Europe economic interdependence comes at a time when our fundamental security interests are increasingly intertwined.

Asia and Europe are already working together to lay the groundwork for continued peace and development in Asia.

We are paving the way for closer, more comprehensive cooperation, through various dialogues, as well as bilateral and multilateral arrangements.

Most notably, we have established through the ASEAN Regional Forum, or ARF, a regular process of consultation on regional security between the region and its partners. Europe's active role in the ARF is vital for stability in the emerging new tripolar order.

Towards this end, I believe we should work together to promote disarmament, including the non-proliferation and eventual prohibition of nuclear, biological and chemical weapons. During the Fifth ASEAN Summit, which I chaired in Bangkok last December, all heads of government of the ten Southeast Asian countries signed the Southeast Asia Nuclear Weapon Free Zone Treaty, reflecting their commitment to the Nuclear Nonproliferation Treaty regime. I hope that our European friends here today will also support us on this matter.

Asia and Europe are also collaborating with the United Nations to seek mutual solutions on how to democratize, revitalize, and reform — both structurally and financially — that body.

In addition, I believe we should strengthen and extend our cooperation to other areas as well. These areas should include human rights, drug trafficking control and suppression, and the fight against money laundering, and international terrorism.

With a view to achieving the above objectives, this meeting will become a medium to link Asia and Europe in a new spirit of equal partnership and mutual respect.

In this consultative process, we should also re-think how we approach one another. Our two regions have taken different developmental paths. Accordingly, each has evolved cultural values and standards suited to its own particular circumstances.

In developing close partnerships on an equal basis, we should learn to appreciate one another's strengths and weaknesses. We must develop attitudes that foster understanding of each other's perceptions and values. Only then can we have the mutual trust that is so indispensable among close partners.

These new relations between Asia and Europe should not only cover economic cooperation, but also close political and social fields so as to meet the demands of the new century.

In this ever more competitive world, Europe could reap vital interests by tapping into Asia's economic dynamism. Asia is keen to avail itself of Europe's wealth of experience and expertise.

The rapid growth East Asia has experienced over the past few decades has convinced us that the best path to sustained growth is economic openness.

This belief is increasingly shared all over the world. The World Trade Organization (WTO) has been universally accepted as the primary vehicle of rules-based multilateral trade. Regional free trade and investment arrangements are mushrooming even in places where free markets once languished. Efforts such as APEC [Asia-Pacific Economic Cooperation] are spanning oceans to open up trade and investment between regions already committed to free markets.

In keeping with this trend, Asia and Europe need to be more open with one another — in trade, in investment, and in the exchange of technology and know-how. If we are able to create a model of cooperation at a level similar to APEC's, a balance among the world's three centers of economic growth can be achieved.

I would, therefore, like to propose that we establish a joint working group using private and governmental cooperation to draw up, within six months, an Asia-Europe investment action plan to promote greater cross-flows of investment between Asia and Europe.

As the world's oldest and newest growth centers, Europe and Asia need to forge, or should at least seriously consider, such an association. The days when regionalism could be conceived in restrictive terms are gone. If our economies are to thrive in this age of globalization, any regional economic arrangements with which we are involved need to be open. They must not discriminate against outsiders; rather, their benefits must be made available to all.

We may not be able to accomplish this quickly. Political constraints within each country require flexibility. We must open our economies further if we wish to build on the gains of the recent past. We must abide by the principles embodied in the WTO, especially non-discrimination and liberalization, as well as our commitments under the Uruguay Round. Isolation, whether national or regional, is not something that we can afford.

To overcome the obstacles to closer cooperation, we must also build mutual trust and understanding. One way of doing this is to establish a stake in each other's future.

At the ASEAN Summit in Bangkok last December, my ASEAN colleagues and I agreed that the development of Southeast Asia would be further enhanced with the development of the Mekong River Basin.

Since then, I have been encouraged by the strong expressions of interest from our partners in Asia and Europe. The involvement of not only the six states of the Mekong River, but also ASEAN, Japan, the Republic of Korea, and Europe, in such a project would help develop a solid foundation of goodwill and prosperity for the peoples of the two regions.

Such cooperation would provide valuable opportunities for the private sector. Interaction with the private sector is a key component in reconnecting Asia with Europe in the future.

East Asia's experience has confirmed that the lifeblood of economic growth is private enterprise and initiative. Governments should encourage their private sectors to seek out opportunities wherever available. In this connection, representatives from the private sectors of both the European and Asian regions should meet on a regular basis — possibly through an Asia-Europe business forum — in order to renew and build business connections with one another. This forum should play an important role in mapping out the investment action plan that I mentioned earlier.

When we speak of the private sector, we do not refer only to industry and business. We must also emphasize the welfare of ordinary citizens, for it is on them that future growth rests. There are large segments of our population that have not benefited from the fruits of such progress. In Asia, poverty and income disparity is prevalent, while in Europe, high unemployment remains a continuing challenge.

Creating a knowledgeable and engaged citizenry is one of the best ways to tackle these problems in the long term. Education and training empower the individual to make informed choices and adapt better to changing conditions. To reduce poverty and unemployment, we must give high priority to the development of human resources.

We should, therefore, work together to equip our people with the skills and knowledge necessary to prosper in the new, technology- intensive global economy. Our governments should encourage exchanges between experts and academic institutions, as well as joint research on issues of common concern. Such cooperation should also include leaders at the grassroots level, as well as non- governmental organizations, so that our people can share ideas of relevance to their livelihood.

One of the most pressing concerns facing many East Asian economies today is reconciling economic growth with the environmental and demographic disruption it entails.

Promoting sustainable growth is not merely a matter of technology transfer, although that is certainly important. It is a complicated process of getting prices to reflect ecological costs, of setting business incentives, of establishing appropriate legal measures, of defining priorities, of involving all members of society.

I am of the view that we must earnestly cooperate with one another to develop environmental technology. We should turn existing regional prosperity, knowledge, and experience into a foundation for sustainable development. Cooperation at such levels has been partially developed among certain Asian and European countries; but it is necessary to further elevated this level of cooperation. This could be achieved by setting up an Asia-Europe center for the development of environmental technology to conduct research and development projects. This center could also advise the governments and peoples in the two regions on environment policies. This is merely one aspect of how Asia-Europe cooperation can be mutually beneficial. To allow cooperation to proceed smoothly, continual consultations and contacts must be set up.

The ministers concerned should play a prominent role in setting guidelines for promoting economic cooperation and boosting trade and investment between our two regions. The ministers and senior officials concerned should also meet whenever a summit of this nature is convened so that action plans and activities can be mapped out.

We can take advantage of the latest communications technologies, such as the Internet, to maintain informal exchanges of ideas. In this connection, I have arranged for ASEM to have its own site on the Internet's World Wide Web. To encourage mutual understanding at all levels, participation is not limited to leaders, but open to the general public as well.

Your Majesty, Your Excellencies the Presidents and Prime Ministers, Ladies and Gentlemen;

Standing at this juncture, between two historical eras, we are indeed in a unique position to shape the new international order together.

Asia and Europe possess age-old civilizations that have not only survived into the 21st century, but have also thrived in the face of numerous daunting new challenges.

Our adaptability and pragmatism will be called into play as we open this exciting new chapter of Asia-Europe relations. If we approach each other with open minds, we may find that our differences are actually much smaller, and our shared interests much greater than we ever imagined.

Thank you. [applause]

Japanese Premier Stresses 'Open Regionalism' at Summit

BK0103103396 Hong Kong AFP in English 1017 GMT 1 Mar 96

[FBIS Transcribed Text] Bangkok, March 1 (AFP) — Japan's Prime Minister Ryutaro Hashimoto challenged Europe Friday to show concrete support for "open regionalism" if it was serious about promoting the multilateral trading system.

Speaking at the opening session of the landmark Asia-Europe summit, a Japanese foreign ministry official said Hashimoto noted that Asian countries were already liberalising trade and investment within the Asia-Pacific Economic Cooperation (APEC) forum.

Hashimoto stressed that the "fruits" of such voluntary measures within APEC would be extended to non-members on a most-favoured-nation basis.

"If the European side is ready to seriously tackle open regionalism, the European side should take concrete actions," Hashimoto was quoted as telling the other leaders from Asia and Europe.

The Japanese prime minister also said it was "absolutely necessary" for the two regions to cooperate ahead of the ministerial meeting of the World Trade Organisation (WTO) in Singapore in December.

"Regionalism is very active in various parts of the world," Hashimoto was quoted as saying. "But it should be compatible with the WTO regime. Regionalism should be encouraged to contribute to the strengthening of the multilateral trading system."

Hashimoto meanwhile said that Japan was ready to host a business conference and coordinate various economic studies of the two regions.

The Japanese leader also called for a "mini Davos-type conference" bringing together young academics, artists and businessmen.

"The role of the private sector is important for strengthening economic cooperation between the two regions," Hashimoto said.

But Hashimoto added that it was important for a private-sector conference to be held before moving to establish a joint business forum, as called for earlier Friday by Thai Prime Minister Banhan Sinlapa-acha.

And before the two continents take concrete steps to enhance economic ties, "it is important that we first conduct objective studies and analyses need to provide a solid basis for such policy considerations," he said.

Hashimoto told the leaders that Japan was therefore ready to coordinate studies on various aspects of closer economic ties, especially in such areas as infrastructure, energy and the environment, the official said.

"Japan stands ready to put these various studies together," the prime minister said.

Hashimoto reiterated Japan's recent offer to host a meeting of Asian and European economic ministers next year. He also called for concrete steps in such areas as improving the environment, harmonising customs procedures and swapping information on drug trafficking, the Japanese official said.

Japan's Hashimoto Urges Cooperation in ASEM Speech

OW0103105296 Tokyo KYODO in English 1028 GMT 1 Mar 96

[FBIS Transcribed Text] Bangkok, March 1 KYODO — Japanese Prime Minister Ryutaro Hashimoto said Friday [1 March] Asia and Europe should enhance cooperation in tackling political, economic and other issues of global concern.

At the first session of a two-day inaugural summit of Asian and European leaders, Hashimoto spoke of the need for the two regions to pitch in with international assistance to the Former Yugoslavia and to an international consortium working to contain North Korea's alleged nuclear ambitions, a Japanese Government spokesman told reporters.

The Japanese leader, who assumed office in mid-January, also urged that attention be paid in the ongoing discussion of the Asia- Europe Meeting (ASEM) to the proposed reform of the United Nations, said the spokesman, Deputy Chief Cabinet Secretary Kazo Watanabe.

In an apparent bid to expand the approach to UN reform pursued among European nations, which have been concerned primarily about the world body's deteriorating budgetary situation, Hashimoto said attention should be focused equally on three priority areas: the budget, the Security Council, and economic and social development.

The Japanese prime minister also maintained that the proposed Comprehensive Test Ban Treaty (CTBT) aimed at halting all nuclear weapons tests should be completed at an early date. Tokyo has repeatedly called on other countries to conclude negotiations on the CTBT this spring and sign the treaty this coming fall.

On the economic front, Hashimoto cited the need for the maintenance of a multilateral free trade regime under the World Trade Organization, which replaced the General Agreement on Tariffs and Trade in 1995, the spokesman said.

While noting the Asia-Pacific Economic Cooperation (APEC) forum promotes open regionalism, he voiced the hope the European Union (EU) will not turn its back on other regions but remain open to the rest of the world, Watanabe said.

As a way of following up the current ASEM proceedings in the future, Hashimoto proposed hosting a meeting of economic ministers in Japan in 1997 ahead of a second ASEM summit expected to be held in London in 1998.

The primary objective of the ASEM summit, first proposed by Singapore Prime Minister Goh Chok Tong in the fall of 1994, is to reinforce the weakest leg of the global triangle consisting of East Asia, Western Europe and North America.

Hashimoto also proposed creating a network of private think tanks and promoting exchanges of young researchers in Asia and Europe so as to expedite intellectual cross-flows between the two regions, the spokesman said.

This year's gathering brought leaders of 10 Asian countries — the seven members of the Association of Southeast Asian Nations (ASEAN) plus China, Japan and South Korea — together with their counterparts from the EU's 15 members and the president of the European Commission, the EU's executive branch.

Italian Prime Minister Addresses ASEM in Bangkok

BK0103071596 (Internet) Thai Ministry of Foreign Affairs Asia-Europe Meeting WWW in English 1 Mar 96

[Speech by Italian Prime Minister Lamberto Dini at the opening ceremony of Asia-Europe Meeting in Bangkok on 1 March]

[FBIS Transcribed Text] Mr. President, today's meeting is an important step forward in relations between Europe and Asia. The European Union and its Member States have accepted your invitation with the firm intention of ensuring that the Asia-Europe Meeting (ASEM) becomes a high-profile instrument for the construction of a new Asia-Europe relationship.

For the first time, twenty-five Heads of State and Government of the two continents have come together with the avowed intent of opening a lasting dialogue on matters of common interest. We trust that this dialogue will pave the way for a close and profitable collaboration in the political, economic, social and cultural spheres. If our aim is to bring about a partnership between Europe and Asia, today's meeting must first and foremost prepare the ground for a deeper understanding of the problems of the two areas. Only through a shared view of our problems shall we be able to carry our collaboration forward.

Europe and Asia have developed very different cultures and experiences. Throughout the years, history has repeatedly brought them into contact; the bonds forged by our past history lead us to look together to the challenges of our time.

We are living in a world where we can control events only if we can achieve a high level of cooperation. This applies, of course, to both politics and economics. But it is likewise true of all other areas that affect the human condition. I am referring, among other areas, to the social sphere, to culture and the environment. A partnership implies, first of all, the opening of lasting prospects for dialogue and collaboration on all issues of common interest and, in particular, on those which now call for a collective response.

The European Union has long been aware of Asia's increasing importance and its extraordinary development. We fully recognise the opportunities offered by the progress made by both continents to seek ways of securing our mutual advantage while at the same time furthering the process of global cooperation which benefits us all. This of course applies to trade, development, the production of goods and services, and finance. It also applies to politics, however, where the dialogue and the links that exist in the security framework mean that crises can be forestalled and attempts made to solve them.

Europe and Asia are already linked by common rules of behaviour, inasmuch as the world - with our help too - is now moving towards forms of global collaboration that are tending to embrace new areas.

We are accountable to the universal system embodied in the United Nations. Whatever the shortcomings and the disappointments suffered by all of us who put our hopes, according to our cultures and our perceptions, in an effective framework of international cooperation and legitimacy, we must still give credit to the United Nations for having created a mechanism of democratic dialogue guaranteed by the institutional rules with which we all comply. In the final analysis, it is the U.N. that embodies international legitimacy. It was there, with the consensus of us all, that human rights were enshrined, putting the individual at the centre of collective organisation, whether states or groups of states.

The partnership which Asia and Europe seek today will benefit from the existing agreements and will endeavour to extend and develop them in order to meet common interests. The groundwork seems to have been already laid. We know that we owe much to the processes of regional cooperation, but we also know that we must not lose sight of global developments.

So far, the dialogue between Europe and Asia has fallen short of what we could have achieved together. Our relations have fallen behind and the time has come to make up the lost ground. We have to seek a better balance in the Europe-Asia segment with respect to the relations that Asia and Europe Meeting may one day be on a par with the tried and links established within

The Asian Pacific Economic Cooperation (APEC) as well as the Euro-Atlantic dialogue, thus helping to complete a triangle each side of which has a balanced and substantial value. In this regard, I wish to highlight the open-ended nature of our dialogue, which could make it possible for other countries to join it in future.

We aim to strengthen the political dialogue in a framework which respects our differences. As we compare the experiences that each of us has acquired we must not renounce the specific features of our history.

Enhancing our mutual understanding implies respecting these values, being aware of their foundations and thus benefiting from them wherever possible. We would like the security of the areas where our countries are located to profit from a better knowledge of our positions and the range of our interests.

Much can be done in the economic sector to step up trade and expand investments. The European Union has a long industrial tradition and the capabilities of an advanced economy. Asia boasts outstanding growth rates, also boosted by its powerful technological progress. Together, we can set up forms of regional collaboration in line with the system established under the World Trade Organisation (WTO), whose future we will be discussing in Singapore in December. Economic collaboration must move forward in compliance with the rules that underpin it throughout the world and must meet the need to mobilise the resources required for productive investments both in our countries and in yours. Today, the flows directed to the generation and distribution of wealth are not those we would wish, for economic, regulatory and cultural reasons. Improvements are needed in this field too.

On the eve of the third millennium, we must be more united. The misunderstandings that hamper our relations must be overcome through a better knowledge of the cultures and values that underpin them. In this connection I would like to mention the recent Venice Forum, and the ideas and proposals it put forward. The states and communities that express these values find themselves faced with new and increasingly complex problems: the possibility of transferring factors of production, constantly changing technologies, the information revolution, respect for the environment, the organisation of life in large urban centres. These are problems we all share. Our quality of life depends on the solutions we can come up with for each of these problems, which affect our whole planet and must therefore be tackled together.

Mr. President, distinguished colleagues, we are all aware of the responsibilities that we have taken on through the Asia-Europe Meeting. A positive signal must emerge from this meeting, addressed to the communities we represent and public opinion throughout the world. The European Union is certain that the dialogue procedure, based on an understanding and respect for the concerns and values of each of us, can help us to arrive at common views even on controversial issues.

It is my hope that this our first meeting may open up a real prospect for a common commitment and cooperation involving Asia and Europe.

Asian, European Leaders Conclude First Day's Meetings

BK0103113796 Bangkok Cho So 100 Radio in Thai 1100 GMT 1 Mar 96

[FBIS Translated Text] The leaders of 25 Asian and EU nations have concluded their session for today and are now heading for an audience with his majesty the king at the Ananta Samakhom Throne Hall. The function is being held to mark the 50th anniversary of the king's ascension to the throne.

At 1900, the leaders will be the guests of the Thai Government at a formal dinner reception at Government House. Security is tight. Roads in front of Government House and the Royal Plaza are off limits to the general public. Hundreds of policemen are deployed for security along the roads where the leaders will pass. Trash bins in the vicinity have been thoroughly searched.

Outcome of First Day of Asia-Europe Summit Talks Viewed

BK0103142596 Bangkok Radio Thailand Network in Thai 1200 GMT 1 Mar 96

[FBIS Translated Text] Kopsak Chutikun, director general of the Foreign Ministry Economics Department, reports that the first day's meeting of 25 Asian and European nations achieved concrete results. No country raised contentious political issues at the meeting. Countries with contentious issues have sought private meetings to discuss their problems.

[Begin Kopsak recording] Although the countries attending the meeting have different political and social systems and different cultures, they managed to handle the most sensitive issues on the first day of the meeting. At the same time, the meeting served as a venue for enabling countries that have never had a chance to meet to hold talks with one another to the satisfaction of all parties. I think this is the most important aspect of this morning's session. The result was really concrete for ASEAN.

Although there was no direct mention of any specific issue, those countries with contentious problems had a venue, or a framework, for discussions. There were no hard feelings at today's plenum. They even agreed there are many more benefits for them to expect rather than dwelling on conflicts they had in the past. [end recording]

EU, Japan Agree on U.S. Presence in Asia, China Policy

OW0103164496 Tokyo KYODO in English 1607 GMT 1 Mar 96

[FBIS Transcribed Text] Bangkok, March 1 KYODO — Japan and the European Union (EU) agreed on the need Friday [1 March] to secure the U.S. military presence in Asia and to have China engaged in international society, Japanese officials said.

The accord came in a meeting between Japanese Foreign Minister Yukihiko Ikeda and three ministers of the 15-member EU, the officials said.

While welcoming Japan's active cooperation with international efforts to help reconstruct the former Yugoslavia, the EU side also sought further deregulation by Japan, they said.

Ikeda noted the administration of Prime Minister Ryutaro Hashimoto, which was inaugurated in mid-January, is determined to further deregulate its economy.

EU, South Korea Announce 'Landmark' Trade Agreement

BK0103114196 Hong Kong AFP in English 1129 GMT 1 Mar 96

[FBIS Transcribed Text] Bangkok, March 1 (AFP) — The European Union (EU) on Friday announced a landmark agreement with South Korea aimed at boosting trade and investment while heralding a "new era" in political ties.

A statement said the "framework agreement" was initialled ahead of a meeting here between European Commission Vice President Sir Leon Brittan and South Korean Foreign Minister Kong No-myong.

The agreement, reached on the sidelines of the inaugural summit of Asian and European countries, identifies sectors for economic cooperation.

"These include science and technology, technical regulations, standards and conformity assessment, economic and industrial cooperation, the fight against drugs and money laundering, and cooperation over environmental and energy policies," the EU statement said.

"It will also contain basic provisions covering such fields as maritime transport, shipbuilding and intellectual property rights," it said.

The agreement, under negotiation since May last year, now needs to be ratified by South Korea as well as the 15 member EU.

Brittan said the accord "reflects the new climate of trust and cooperation between Europe and Asia" emerging in Bangkok as 25 leaders from the two regions kicked off their two-day summit.

"It will mean that Europe and Korea are no longer just distant trading partners but will now become more closely engaged both politically and economically," the European Commission vice president said.

Brittan noted that the announcement came only four days after EU foreign ministers approved a contribution of 6.35 million dollars to the Korean Energy Development Organisation (KEDO), an agency set up to replace North Korea's nuclear reactors suspected of fuelling an arms program.

The contribution shows that Europe is taking an "increasing interest in promoting political stability in Asia as well as building stronger economic relations between Europe and Asia," he said.

Bilateral trade between Europe and South Korea has risen fourfold over the past 10 years, reaching 23.9 billion dollars in 1994.

Under measures to promote trade cooperation, the two sides will improve access to each other's markets, including telecommunications and financial services, and will accord each other most-favoured- nation (MFN) treatment.

Europe and Korea also undertake to "work towards the elimination of trade barriers, the removal of nontariff barriers and the improvement of transparency," the statement said.

"They shall also seek to cooperate on issues of interest to both sides, including future proceedings of the WTO (World Trade Organisation), and shall recommend trade promotion measures."

The two sides will meanwhile "aim for the goal of unrestricted access to the international maritime market based on fair competition and on a commercial basis" in addition to cooperating in the area of shipbuilding "to promote fair and competitive market conditions," the statement said.

Noting the "severe imbalance in supply and demand", Europe and Korea "shall not support their own shipbuilding industries in a way which would distort competition or allow them to escape form future difficulties."

The two sides also undertake "to ensure that adequate and effective protection is provided for intellectual, industrial and commercial property rights, including effective means of enforcing such rights."

At the same time, Europe and Korea will work to support the multilateral intellectual property system, notably by implementing the WTO agreement on the trade-related aspects of intellectual property rights.

In addition, the two sides will "promote the use of international standards and conformity assessment systems, notably by cooperating on quality management, exchanging information and expertise, and ensuring that standards and conformity assessment activities do not constitute unnecessary barriers to trade," the EU statement said.

Japan

Japan: Three-Year Freeze Offered for Air Talks With U.S.

OW0103054396 Tokyo KYODO in English 0442 GMT 1 Mar 96

[FBIS Transcribed Text] Tokyo, March 1 KYODO — Transport Minister Yoshiyuki Kamei disclosed Friday [1 March] that Japan has proposed shelving for three years a dispute deadlocking the cargo portion of a civil aviation accord with the United States.

Kamei told a news conference the proposal was made at the start of three-day negotiations on the accord in Washington on Wednesday.

The dispute stems from differences between the two sides' interpretations of a provision granting U.S. airlines the right to serve countries via Japan.

Kamei said Washington was studying the overture before the opening of the second-day session scheduled for Thursday.

Kamei stressed the need for both sides to correct unfair provisions regarding rights granted Japanese airlines under the treaty.

He said the unlimited rights given to three U.S. airlines to fly beyond Japan under the existing accord should be replaced with limited ones, and that Japanese airlines should be allowed to increase cargo flights to the U.S.

Japan: Mayor Against Relocation From Okinawa to Yokota Air Base

OW0103121096 Tokyo KYODO in English 1147 GMT 1 Mar 96

[FBIS Transcribed Text] Tachikawa, Japan, March 1 KYODO — Fussa Mayor Yahachiro Ishikawa said Friday [1 March] he is dead set against any relocation of part of the U.S. bases in Okinawa to the Yokota Air Base.

"The Yokota base is too near the city center and is not appropriate" for any expansion of facilities, Ishikawa said at a press conference.

Ishikawa admitted that Okinawa is unfairly burdened with the concentration of U.S. military facilities there and argued that the burden should be shared equally by all the people in Japan.

He nevertheless outlined a number of disadvantages and problems for the city stemming from the presence of the Yokota Air Base, located about 40 kilometers west of the center of Tokyo.

Ishikawa cited a negative impact on the city's transport and commercial activities as well as noise problems due to flights by U.S. military aircraft.

The Yokota Air Base, a key transportation center for the U.S. Forces with 10,000 personnel working, is spread over five cities and one town, accounting for 32.4 percent of Fussa city's total area.

A civil lawsuit over the noise is under way and preparations for another are going on.

Ishikawa is concerned about any possible proposal for relocation of U.S. bases in Okinawa to the Yokota base although no such plan is currently on the drawing board.

Relocation of part of the U.S. bases in Okinawa has become an important issue after the alleged rape of a Japanese schoolgirl, by three U.S. servicemen, caused long-standing sentiment against the huge U.S. military presence to flare up among Okinawa residents.

Japan: Mission to Pakistan Targets Social, Economic Sector Aid

OW2902144596 Tokyo KYODO in English 1346 GMT 29 Feb 96

[FBIS Transcribed Text] Islamabad, Feb. 29 KYODO — A Japanese Government mission has identified the social sector and economic infrastructure improvement as two priority areas for Japan's Official Development Assistance (ODA) to Pakistan through the year 2000 and beyond, the leader of the mission said Thursday [29 February].

Addressing a press conference, Shinichi Yanai, special assistant to the Japanese foreign minister and head of the 18-member economic and technical cooperation mission, said his weeklong visit is paving the way to further promote cooperation between the two countries.

He described his talks with Pakistani government leaders and officials as "most favorable and cordial."

A press release said Japan would continue to support Pakistan's efforts for self-help in economic and social development and that the mission has identified the social sector, infrastructure, agriculture and the environment as four priority areas for Japanese ODA to Pakistan in the coming years.

During his stay in Islamabad, Yanai has met with President Farooq Leghari and held consultations with Prime Minister Benazir Bhutto and Foreign Minister Asif Ahmad Ali.

The Japanese Government pledged assistance worth 80 billion yen during Bhutto's visit to Japan in January and the two sides are engaged in identifying projects that will benefit from the aid, Yanai said, although he declined to identify any candidate projects.

He indicated, however, that a part of the pledge might be used for a hydroelectric dam being planned near Tarbela, about 100 kilometers northwest of Islamabad.

"We take into consideration the environment in the area...and apply Japanese ODA charter guidelines equally to all countries," Yanai said.

He replied to a question if Japan was also concerned about the size of Pakistan's defense budget since donors and financial institutions such as the International Monetary Fund and the World Bank have been advising Pakistan to reduce military spending.

Yanai said he is certain that Pakistan fully understands the principles underlying the Japanese ODA charter that governs disbursement of aid to all recipient countries.

Members of the Japanese mission visited Karachi, Lahore and Quetta on Thursday [29 February]. Still to come are visits to projects that have received Japanese assistance such as a children's hospital and a construction machinery training project.

Japan: BOJ Says Business Confidence Index Improving

OW0103054296 Tokyo KYODO in English
0525 GMT 1 Mar 96

[FBIS Transcribed Text] Tokyo, March 1 KYODO —- Business sentiment among Japanese manufacturers has improved, with the quarterly "tankan" survey index standing at minus 12 in February against minus 14 in the previous survey, the Bank of Japan (BOJ) said Friday [1 March].

The key gauge for the assessment of the Japanese economy was the highest since February 1992, the central bank said.

"Corporate business sentiment has been recovering from a deep valley," a BOJ official said.

The diffusion index for major nonmanufacturers also improved to minus 18 from the previous minus 22, the central bank said.

The confidence index represents the percentage of companies seeing better business conditions compared with three months before minus the ratio of those who believe conditions have worsened.

The labor index for major companies, compiled from the percentage of companies saying they have a too large workforce, minus the share of those suffering from a labor shortage, improved to 22 from the previous 24.

The index of product inventories, or the net surplus of stockpiles, stood at 18, compared with 19 in the previous survey.

Major manufacturers and nonmanufacturers plan to increase their capital investment for fiscal 1996 by 0.6 percent from the previous year, the central bank said.

Japan: Further on BOJ Business Confidence Index

OW0103090896 Tokyo KYODO in English
0843 GMT 1 Mar 96

[FBIS Transcribed Text] Tokyo, March 1 KYODO — A key quarterly Bank of Japan (BOJ) survey indicated Friday [1 March] that Japan's economic recovery is only moderate as an improvement in business confidence among corporate managers is weaker than expected.

Economists cautioned against optimism about the future course of the economy, and said the central bank is expected to maintain the present easy monetary policy for a while.

The key figure in the "tankan" short-term economic survey, the business outlook index for major manufacturers, improved to minus 12 in February from minus 14 in the previous November survey.

The figure is the highest since the February 1992 poll but lower than the reading of minus 10 that had been anticipated in the November survey.

Masayuki Matsushita, director of the BOJ's research and statistics department, said, "The tankan report is almost in line with the government's assessment in February that the Japanese economy is moving toward recovery."

"The BOJ will closely watch whether the economy will get on a path for sustainable growth, backed by corporate capital spending and personal consumption," Matsushita said.

In its monthly economic report in February, the government's Economic Planning Agency said, "The economy is beginning to show moves of recovery again, albeit a moderate one."

Masaru Takagi, chief economist of the Fuji Research Institute, said, "The economy had hit bottom and is now staging a moderate recovery."

"The tankan survey underscored that the pace of recovery is not strong," Takagi said, adding little progress in inventory adjustments and the sluggish labor market led to the weaker-than- expected figure.

According to the tankan survey, the business confidence index for major nonmanufacturers was minus 18, up from minus 22 in the November survey but lower than the minus 17 projected in that survey.

The index is calculated by subtracting the percentage of companies that feel their business conditions unfavorable from those that feel favorable.

Forecasting business sentiment toward June, the latest tankan report said the index is expected to improve to minus 6 for major manufacturers and to minus 12 for major nonmanufacturers.

But this runs counter to widespread expectations that the business sentiment index will enter the positive column in the next tankan poll.

Takagi said the latest tankan survey shed light on sour points in Japan's economy.

Inventory adjustments are not progressing as expected and the employment situation remains sluggish, he said, adding that deflationary pressure is still hanging over corporate earnings prospects, he said.

"To put the economy on a firm recovery path, it is necessary for the BOJ to maintain its current easy monetary grip for a while," Takagi said.

The official discount rate, which the BOJ charges on loans to commercial banks, has been at a record low of 0.5 percent since last September.

Takagi also urged the government to redouble efforts to promote deregulation, reinvigorate the land market and settle the bad-loan issue at financial institutions.

The February survey showed corporate managers project bigger profit growth for fiscal 1995 ending March 31 than anticipated in the previous poll.

Manufacturers now estimate their profits will rise an average 31.1 percent from a year earlier, an upward revision of 0.9 percentage point from the November estimate, the survey said.

Nonmanufacturers, excluding electric power and gas companies, anticipate a 10.9 percent profit rise, an upward revision of 2.3 points, it said.

For fiscal 1996, profit growth is estimated at 11.3 percent for manufacturers and at 5.9 percent for nonmanufacturers.

As for capital spending, which is seen by the BOJ as a key factor behind economic recovery, the tankan report said major companies plan to spend 3.8 percent more in fiscal 1995 than the previous year on an all-industry basis.

Companies plan to increase their investment in fiscal 1996 by 0.6 percent over the current year, it said.

Fuji's Takagi said, "An increase in capital spending for fiscal 1996 is expected to almost match the previous year's level, given companies have already planned a 0.6 percent rise before the year begins."

The February survey also said the employment index for major companies stood at 22, showing an only slight improvement from 24 in November.

The index means the percentage of companies having excessive workforce minus those suffering from a labor shortage.

Japan: Central Bank Expects Financial Firms' Investment To Rise

OW0103091996 Tokyo KYODO in English 0811 GMT 1 Mar 96

[FBIS Transcribed Text] Tokyo, March 1 KYODO — - Capital investment planned by banks, brokerages and insurers for fiscal 1996 will show the first rise in six years, the Bank of Japan said Friday [1 March].

The central bank said capital investment planned by 202 financial institutions in the year starting April 1 totaled 1.5 trillion yen, up 3.1 percent over the preceding year.

Capital investment by 150 banks in fiscal 1996 will show a 4.5 percent rise while that by 25 insurance companies will rise 2.3 percent, it said.

In contrast, investment by 27 brokerage houses will plunge 17.7 percent, the central bank said.

Japan: Forecasts of Major Economic Research Institutions Compared

962A0019A Tokyo KINYU ZAISEI JIJO in Japanese 15 Jan 96 pp 38-41

[Article by Masamichi Omori, researcher, Daiwa Research Institute: "Comparison of Economic Forecasts for FY96 by Major Research Institutions"]

[FBIS Translated Text]**FY96 Economic Growth Rate Around 2 Percent**

Because of the changes made to annual statistical standards (1985-1990), I will limit my comparison to those forecasts published by the major economic research institutions on or after 4 December. This was the release date of the FY94 results based on the new standards.

Most of their real economic growth rate estimates for FY96 hover around 2 percent. Sumitomo Trust had the highest estimate (2.5 percent), while the Nomura Research Institute had the lowest (1.0 percent). The official government estimate of 2.5 percent was approved at a meeting of the Cabinet on 19 December. Once again, not a single private research institute has exceeded the official government estimate. The government estimate is used to compile the budget and is supposed to express overall business confidence in the economy. However, during the recent years of economic stagnation, the official estimate has tended to exceed the private estimates by a significant margin. This year the gap appears to be narrowing.

The catch phrases used by the research institutes reflect their anticipation of economic recovery in FY96. The Cosmos Securities Economic Research Institute has called FY96 a "year of economic recovery," while the Sumitomo Life Research Institute proclaims, "the Japanese Economy is advancing towards recovery." However, the general opinion is that the pace of recovery will be gradual. Yamaichi Securities Economic Research Institute says, "the slope of economic recovery will be gentle," while Nikko Research says, "the recovery will remain slow." The reasons indicated have to do with sluggish private-sector demand and the need to address structural problems with the economy. Nippon Credit Bank says, "it will be difficult to jump start private-sector demand," while the Nomura Research Institute says, "it is now-or-never for structural adjustments to be made."

Without exception, all of the real economic growth rate estimates for FY96 by the major economic research institutes exceed their predictions for FY95. Most exceed it by about 1 percentage point. One could safely say they anticipate the advent of economic recovery.

This anticipated recovery is predicted to occur in two stages. In the first half of the fiscal year, growth will be undergirded by investments in public works. In the second half of the fiscal year, private demand in the form of personal consumption and private investment in plant and equipment will strengthen the economic recovery. While the economy will begin to recover due to an upturn in the business cycle, the Yokohama Bank Research Institute believes the pace will almost certainly be slowed by economic structural changes.

As soon as the economy adjusts to cyclical factors such as the replacement of durable consumer goods, it will begin adjusting to the deteriorating situation in corporate balance sheets, employment and inventories. In other words, the real economy and the financial economy remain as soft as ever. Nikko Research believes that without stepped-up pressure for structural adjustments this cyclical improvement in the economy will be extremely sluggish compared to previous cycles.

The real economic growth rate for FY94 (0.5 percetnt) was slightly better than the nominal economic growth rate (0.4 percent). Almost all of the research institutes believe this inversion in the real and nominal growth rates will continue for FY95. In other words, deflationary pressure will remain strong. However, most of the economic institutes believe that the economic recovery in FY96 will relieve some of this deflationary pressure and begin to correct this inversion in the real and nominal growth rates. While some of the deflationary pressure caused by the strong yen will be released, the gap between supply and demand will remain as wide as ever. For this reason, not a few research institutes agree with the Mitsubishi Trust Research Institute that this inversion will continue in FY96.

Per Capita Consumption to Improve

The research institutes continue to receive mixed signals concerning per capita consumption. On the one hand, the employment situation has deteriorated. Not only do they expect this to continue, they also anticipate the employment and salary picture for managers to worsen in the spring of 1996. Many also point to such factors as insurance premium price increases in October 1996.

On the other hand, consumer prices have bottomed out and taxes continue to be cut. Some research institutes go along with the official report on spring wage increases, but others predict lower real wages (2.38 percent) than last year.

While the employment and wage environment will be severe in FY96, hourly wages and bonuses will increase with the recovery in production and improvement in business results. Demand for durable goods is also expected to increase as consumers replace cars and purchase personal computers. For this reason, many research institutes expect a modest if unspectacular increase in consumption.

The research institutes expect the rate of increase in per capita consumption (over last year) to be close to the overall rate of economic growth. Interestingly, many of the institutes which predict low rates of economic growth expect the rise in per capita consumption to exceed overall economic growth.

A few research institutes raised the possibility that the consumption tax increase scheduled for April 1997 will be postponed. If it is raised, there will be a spike in demand before the increase takes effect. This would boost the increase in per capita consumption for FY96 by 0.2 or 0.3 percent.

Private residential investment dropped sharply in FY95. The final figures are expected to be down from the same period a year earlier. The research institutes are divided over whether private residential investment will rise or continue to fall in FY96. Some believe low interest rates will lead to a recovery in home buying, while others are not convinced.

Private Capital Investment To Rise

After having fallen continuously on a year-to-year basis since FY92, private investment in plant and equipment is expected to rise in FY95 over the same period a year earlier. All of the research institutes predict an increase in FY96. Predictions vary widely with the lowest at one percent, the highest at five percent and most expecting a rate of increase somewhere around three percent.

The biggest factors influencing investment in plant and equipment in FY96 will be the supply of capital stock, the earnings picture, and overseas production trends. The research institutes reached different conclusions based on these factors.

The Sumitomo Life Research Institute expects the rise in capital stock to decline to under four percent, which will make it more difficult for new start-up companies to attract investment capital. Capital stock adjustment pressure will continue to weaken. In addition, more importance will be placed on improvements in white-collar productivity with investments in computer systems and data products. Because the shift to overseas production sites will continue, aggressive investment in increasing domestic production capacity is not anticipates. However, an increase in investments to replace outmoded equipment and information-related investments is expected.

The Yasuda Life Research Institute expects corporate earnings to continue to improve as a result of revived sales, corporate restructuring, and market corrections to the overvalued yen. Overall, however, the recovery will be surprisingly weak.

The Nissei Basic Research Institute expects corporate earnings to rise in the manufacturing sector. However, it believes corporate earnings in the nonmanufacturing sector will rise only slightly because of pressure on corporate margins due to intensifying price competition typified by price collapses. It anticipates continuing improvement in plant and equipment investment bolstered by this improvement in corporate earnings.

Current Account Surplus Shrinking

The dollar-denominated current account surplus, after peaking in FY93, has been declining on a year-to-year basis since FY94. The yen-denominated surplus began its decline a year earlier in FY93. All of the research institutes foresee the current account surplus continuing to decline in FY96. However, there is significant disagreement over the size of the decline. Some expect it to remain in the $100 billion range, while most predict it will fall even farther. At least two or three predict the surplus will drop by nearly $30 billion to the $70 billion range next year.

This reduction in the current account surplus will come about primarily because of a drop in the trade surplus. Due to the strong yen, many institutes expect exports to grow at a slower pace than the increase in offshore production. For this reason, they foresee a reduction in the dollar-denominated surplus over the same period a year earlier. In particular, they foresee a drop in exports to the United States as Japanese automobile manufacturers shift production to North America in response to increased competition from U.S. automobile manufacturers.

Most of the research institutes expect imports to continue to increase. The Sumitomo Life Research Institute anticipates a rise in reverse imports of manufactured goods in response to the increase in East Asian offshore production. The Yasuda Life Research Institute foresees this trend continuing as the number of offshore production sites increases. Beginning with consumer electronics, former export items will become import items.

Sluggish overseas demand for Japanese goods and services is having an effect on domestic economic figures. The yen-denominated current account surplus has been in decline, and the level of overseas demand has been having a negative effect on economic growth since FY93. This trend is expected to continue in FY96, when foreign demand is predicted to depress growth.

Yen To Rise From Low-90's to Mid-100's

The yen/dollar exchange rate is an unavoidable factor in all economic forecasts. Its speculative nature makes accurate predictions extremely difficult, and the exchange-rate predictions made by the research institutes for FY96 vary widely. The National Economic Research Council had the highest prediction at 92.5 yen, while the Chiyoda Life Research Institute and the Nomura Research Institute both had the lowest at 105 yen. The average was somewhere around 100 yen. Since the average figure for FY95 was around 95 yen, most of the research institutes are predicting a weaker yen for FY96.

Among those predicting a stronger yen, the Nikkei Center argues that the current yen rate is based on an undervaluation of the Japanese economy due to such factors as instability in the financial system. The Sumitomo Life Research Institute claims that the disparity between the domestic inflation rates in the United States and Japan will put pressure on the yen to increase in value. The National Economic Research Council believes that the yen will rise in value as real interest rates in the United States and Japan converge due to discounts in U.S. interest rates.

Among those predicting a weaker yen, the Okasan Securities Economic Research Institute believes that not only will the current account surplus come down as others have predicted, but that Japan's low interest rate policy will encourage capital flight as corporations and individuals invest in foreign bonds. The Chiyoda Life Research Institute believes that the instability in its financial system will make Japan a high-risk country.

Research institutes also strongly disagree over the direction in which the exchange rate will move over the course of the fiscal year. Some expect the yen to remain strong in the first half and weaken in the second half as the Japanese trade surplus declines. Others expect the yen to remain weak in the first half and strengthen in the second half as the gap between Japanese and U.S. interest rates narrows.

Government Economic Stimulus Package

The actions undertaken as a result of the economic policy enacted in October 1995 will continue to have an effect on the economy during the first half on FY96. Public-works investments already slated for FY96 will also boost economic performance. Some research institutes predict a supplementary budget of 1 to 2 trillion yen for the second half of the fiscal year, while others do not anticipate such a policy because of the deteriorating condition of public finances.

The predictions for the annual rate of increase in fixed public capital formation vary widely from one percent to seven percent. The research institutes disagree not only over whether or not there will be a supplementary economic package for FY96, but also over how many public works projects in the previous economic package will be completed in FY95 and how many will be carried over into FY96.

As for the financial markets, many research institutes predict a gradual rise in commercial interest rates in the second half of FY96 as the economy slowly improves and prices stop falling. They also predict an increase in national bond issues and greater confidence in long-term interest rates. However, the ability of the economy to perpetuate this recovery will remain weak, and deflationary pressures will remain. In order to maintain a favorable environment for the management of bad debt, most research institutes do not expect the Bank of Japan to alter its policy stance or change the official discount rate.

Table 1. FY96 Economic Forecasts of Major Economic Research Institutes

	Sumitomo Trust Bank	National Economic Research Association	Sumitomo Life Research Institute	Tokai Bank	Japan Economic Research Center	Yamaichi Securities Economic Research Institute	Nippon Credit Bank	Yasuda Research Institute	Daiwa Research Institute	Japan Research Institute	Yokohama Bank Research Institute	Mitsubishi Research Institute	Nissei Basic Research Institute	Sakura Research Institute	Nikko Research Center	The Research Institute of the Central Cooperative Bank for Agriculture and Forestry	Nomura Research Institute
(rate of increase in FY95, %)																	
Nominal GDP	2.2	2.6	2.5	2.6	2.3	2.2	2.0	1.8	2.0	1.6	1.7	1.6	1.7	1.2	1.8	1.3	0.9

	Sumitomo Trust Bank	National Economic Research Association	Sumitomo Life Research Institute	Tokai Bank	Japan Economic Research Center	Yamaichi Securities Economic Research Institute	Nippon Credit Bank	Yasuda Research Institute	Daiwa Research Institute	Japan Research Institute	Yokohama Bank Research Institute	Mitsubishi Research Institute	Nissei Basic Research Institute	Sakura Research Institute	Nikko Research Center	The Research Institute of the Central Cooperative Bank for Agriculture and Forestry	Nomura Research Institute
Real GDP	2.5	2.3	2.3	2.3	2.1	2.1	2.0	2.0	1.9	1.9	1.8	1.8	1.7	1.6	1.5	1.2	1.0
Private Consumption Expenditures	2.6	2.0	2.3	1.7	2.0	2.0	2.1	2.3	2.0	2.4	1.7	1.5	2.0	1.5	2.0	1.5	1.6
Private Residential Investment	-8.1	3.8	-1.3	0.2	2.3	2.7	3.8	-3.1	-0.8	1.4	1.3	1.5	-0.2	-2.5	0.2	-0.1	0.9
Private Plant and Equipment Investment	4.8	5.1	4.9	4.8	2.9	4.3	2.6	4.0	3.0	3.1	4.9	3.5	3.5	3.0	1.8	2.7	1.5
Government Expenditures	2.2	2.3	1.0	2.2	1.5	2.3	3.0	2.6	1.2	1.7	1.2	1.2	0.9		2.4	2.0	1.1

	Sumitomo Trust Bank	National Economic Research Association	Sumitomo Life Research Institute	Tokai Bank	Japan Economic Research Center	Yamaichi Securities Economic Research Institute	Nippon Credit Bank	Yasuda Research Institute	Daiwa Research Institute	Japan Research Institute	Yokohama Bank Research Institute	Mitsubishi Research Institute	Nissei Basic Research Institute	Sakura Research Institute	Nikko Research Center	The Research Institute of the Central Cooperative Bank for Agriculture and Forestry	Nomura Research Institute
Public Fixed Capital Formation	6.9	4.2	6.2	5.5	6.9	2.0	2.7	1.0	5.9	4.5	4.1	3.4	4.7	5.7	7.8	3.2	7.2
Wholesale Price Index	1.4	-0.3	*0.0	-0.1	-0.2	1.1	0.7	*0.2	*-0.1	-0.3	*-0.7	0.3	0.4	-0.2	0.2	0.0	*-0.4
Consumer Price Index	0.5	0.4	0.6	0.4	0.4	0.2	0.0	0.3	0.1	0.2	0.4	0.3	0.1	-0.1	0.2	0.3	0.1
Mining and Manufacturing Production Index	2.9	3.0	4.7	2.9	2.0	2.3	1.8	4.3	3.2		3.3	4.5	2.1	1.1	1.5		1.1
(U.S.$ Billion)																	
Current Account Balance	83.8	95.9	96.0	94.1	111.6	87.2	91.6	72.6	101.5	91.3	78.5	101.9	100.0	102.4	80.5	83.8	102.8

	Sumitomo Trust Bank	National Economic Research Association	Sumitomo Life Research Institute	Tokai Bank	Japan Economic Research Center	Yamaichi Securities Economic Research Institute	Nippon Credit Bank	Yasuda Research Institute	Daiwa Research Institute	Japan Research Institute	Yokohama Bank Research Institute	Mitsubishi Research Institute	Nissei Basic Research Institute	Sakura Research Institute	Nikko Research Center	The Research Institute of the Central Cooperative Bank for Agriculture and Forestry	Nomura Research Institute
Trade Balance	100.9	116.2	117.0	121.8	130.7		111.2	95.3	124.9		107.2	121.4	117.0	126.8	104.2	114.6	
Exports	428.1	461.5	440.0	443.8	445.2			418.5	473.0		396.0	446.3	436.0	446.4			
Imports	327.2	345.3	323.0	322.0	314.4			323.2	348.1		288.8	324.9	320.0	319.6			
Balance Excluding Trade		-13.3	-13.0	-2.2	-10.1			-12.0	-13.8			-10.9	-8.0				
Price of Crude Oil (U.S. $/Barrel)		18.7	17.0	16.6	17.5		18.0	18.3	18.0	18.0	17.8	19.0	17.9	17.08		17.5	17.5
U.S. $/¥ Exchange Rate (yen)	100.8	92.5	94.5	95.7	95.0	100.0	100.0	103.0	97.0	95.0	103.0	99.9	98.0	95.0	102.0	96.0	105.0
Real U.S. Growth Rate (%)	2.5	2.4	2.5	2.6	1.9		2.6	2.6	3.0			2.4	2.2	2.8			3.0

	Sumitomo Trust Bank	National Economic Research Association	Sumitomo Life Research Institute	Tokai Bank	Japan Economic Research Center	Yamaichi Securities Economic Research Institute	Nippon Credit Bank	Yasuda Research Institute	Daiwa Research Institute	Japan Research Institute	Yokohama Bank Research Institute	Mitsubishi Research Institute	Nissei Basic Research Institute	Sakura Research Institute	Nikko Research Center	The Research Institute of the Central Cooperative Bank for Agriculture and Forestry	Nomura Research Institute
Date of Publication	13 December	11 December	18 December	21 December	12 December	21 December	7 December	14 December	20 December	13 December	12 December	20 December	30 November	12 December	8 December	18 October	18 December

Notes: 1. Crude oil prices include insurance and freight costs. An asterisk denotes domestic wholesale prices.2. The dollar-yen exchange rate estimates are averages for the year. 3. The U.S. economic growth rate estimates are for the calendar year. Source: The press releases of the major economic research institutes.

Japan: MOF Says Foreign Exchange Reserves Rising

OW0103092996 Tokyo KYODO in English 0855 GMT 1 Mar 96

[FBIS Transcribed Text] Tokyo, March 1 KYODO — Japan's foreign exchange reserves rose $17,042 million in February to total $199,880 million for the 13th straight month of global record-level reserves, the Ministry of Finance [MOF] reported Friday [1 March].

The figure eclipsed the previous global record of $182,838 million set in January, the ministry said.

February was the 28th consecutive month in which the nation's outstanding foreign reserves picked up.

The foreign reserves consist of convertible foreign currencies, gold and International Monetary Fund special drawing rights.

The reserves set national records for the 24th consecutive month, the ministry said.

The increase of $17.04 billion represents the steepest climb since 1984, surpassing the previous high of $15.58 billion set in March 1995, a ministry official said.

The dollar started trading at 106.72 yen in Tokyo last month and ended at 104.63 yen in Tokyo and 105.25 yen in New York. In Tokyo trading, it hit a high for the month at 107.43 yen Feb. 9, while the low for the month was 104.04 yen set Feb. 28.

Japan was the world's largest holder of foreign exchange reserves for the 28th consecutive month in December, the official said.

As of the end of December, Japan held $182.8 billion in reserves, followed by Taiwan at $92.2 billion and Germany at $90 billion.

The United States came in fourth at $88.3 billion, while China ranked fifth at $76.8 billion, the official said.

Comparisons were made using the latest available data for each country. The figures for the U.S. and China were for November, and that for Taiwan was for October.

Tokyo Preparing To Announce New Format for Current Account Data

OW2902143496 Tokyo KYODO in English 1004 GMT 29 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 29 KYODO — - Japan will announce current account figures of its international balance of payments under a new format, starting with data for January, to show a clearer picture of Japan's global trade amid rapidly growing services and financial deals, Finance Ministry officials said Thursday [29 February].

Under the new format, Japan will newly introduce the category of goods and services trade, in addition to separately announcing the merchandise trade account and the services trade account, the officials said.

The step is intended to cope with the increasing share in Japan's trade of overseas travel and other cross-border services, they said.

The officials also said current account data will be announced only in yen terms. Under the previous format, figures were announced in both yen and dollar terms.

Previously, it was convenient for Japan to have dollar-denominated current account data to help control foreign currency reserves, they said.

At present, however, attention is shifting to the relationship between the current account balance and domestic economic activities, and yen-denominated figures are favorable for the purpose, the officials said.

Current account figures for January will be released in early March, they said.

The ministry officials said the new format will provide detailed information on services trade by presenting a breakdown of balances in 11 sectors, including the insurance and banking industries.

The new format will also help make clearer the income situation of overseas subsidiaries of Japanese companies and show the actual situation of financial transactions, they said.

Previous reports only covered returns on direct investment which were transferred by overseas subsidiaries to Japan. But profits retained by them as internal reserves will be also included under the new format, the officials said.

To that end, the ministry is asking about 4,000 Japanese companies, which have a total of more than 10,000 overseas subsidiaries, to provide data, they said.

Under the previous format, figures in the financial balance were presented according to the two categories of the short-term balance for contracts of up to one year and the long-term balance for those of more than one year.

Under the new format, figures will be announced on a product-by-product basis, covering stocks, bonds, short-term bills and derivatives, the officials said.

According to the government's estimates, Japan's goods and services trade surplus for fiscal 1996, which begins in April, will total 5.7 trillion yen, nearly half the merchandise trade surplus estimated for the year.

By setting the goods and services balance as the centerpiece of current account data, the ministry apparently intends to stress a decrease in Japan's external surplus and ease overseas pressure to promote efforts to reduce the surplus, analysts said.

Japan: Government Bills To Counter Financial Firms' Failures

OW2902144196 Tokyo KYODO in English 1314 GMT 29 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 29 KYODO — The government has put together three bills to facilitate the liquidation of collapsed financial institutions and introduce an early warning system, government sources said Thursday [29 February].

The three bills will be presented to the Diet on March 8, they said.

The sources said one of the three financial bills is aimed at amending the Deposit Insurance Law.

Under the bill, Deposit Insurance Corp. can borrow money from the Bank of Japan (BOJ) when the depositor protection body faces fund shortages in handling possible collapses of credit unions over the next five years, the sources said.

It stipulates that the government will guarantee repayment of BOJ loans for the corporation, meaning those loans will be repaid with the help of taxpayers' money if the corporation fails to repay, they said.

The sources said another bill is intended to introduce an early warning system into the financial sector.

The bill calls on the finance minister to issue business improvement or suspension orders to financial institutions based on objective criteria, such as capital adequacy ratios, they said.

The remaining bill is aimed at providing regulators that supervise financial institutions special power to file for procedures under the corporate rehabilitation law, the sources said.

The sources said the amendment to the deposit insurance law calls on Deposit Insurance Corp. to set up a new body by reorganizing Tokyo Kyodou Bank to have it handle the collapse of credit unions in the future.

The envisaged body will be engaged in such activities as collecting loans to be left by failed credit unions, they said.

Tokyo Kyodou Bank was a special bank founded in January 1995 to take over operations of two collapsed credit unions in Tokyo.

If the new body faces difficulties in collecting loans, for example those made to mobster-related companies, it can entrust loan-collecting activities to Deposit Insurance Corp., the sources said.

The corporation will be provided with strong power to collect loans, having former prosecutors and former policemen on its staff.

The sources said the bill for the early warning system calls on presidents and other board members of credit unions to be barred from concurrently working for other companies.

It also calls for measures to tighten surveillance system of cooperative financial institutions, including the introduction of outside auditors, they said.

Finance Ministry sources, meanwhile, said the ministry has worked out tax breaks for the organizations that have become Tokyo Kyodou Bank to help in its loan-collecting activities.

The ministry plans to allow the new body to be exempted from taxation when it takes over and sells land held by collapsed institutions as collateral for their loans, the sources said.

If the ruling coalition's tax panel approves the plans, the ministry will present a necessary bill to the Diet along with the three financial bills, they said.

A high-ranking official in the Finance Ministry later revealed that the seven insolvent housing loan companies hold a total of 190,000 loans which include 50 mobster-related cases, all of which are believed to be almost impossible to collect.

Japan: Coalition Refuses NFP's Demand on 'Jusen' Budget

OW0103110996 Tokyo KYODO in English
1009 GMT 1 Mar 96

[FBIS Transcribed Text] Tokyo, March 1 KYODO — The fiscal 1996 draft budget is set to pass the House of Representative Budget Committee early next week after the ruling coalition refused Friday [1 March] an opposition demand that it drop provisions in the bills for funds to liquidate the seven moribund mortgage companies.

The Budget Committee's steering panel gathering decided that a committee session will be held Monday for closing discussions on the next fiscal year draft budget. Members of the main opposition party Shinshinto (New Frontier Party [NFP]) did not attend the meeting.

It is unclear whether the draft budget will pass the committee on Monday. But the opposition parties have few means to block or delay passage of the draft budget given the size of the ruling coalition's majority.

The budget talks between the three-party ruling alliance and Shinshinto ended in stalemate over the opposition camp's demand for removal from the bills of provisions allowing the government to use 685 billion yen in taxpayers money to help liquidate the mortgage firms, known as "jusen."

The coalition of the Liberal Democratic Party, the Social Democratic Party and New Party Sakigake turned down the demand again and called for an early passage of the draft budget.

The ruling camp also rejected Shinshinto's requests for Diet testimonies by former Prime Minister Tomiichi Murayama and other key persons concerning the jusen scandal and other issues.

Japan: Jobless Rate Remains at 'Record High'

OW0103024396 Tokyo KYODO in English
0023 GMT 1 Mar 96

[FBIS Transcribed Text] Tokyo, March 1 KYODO — The unemployment rate in Japan remained at a record high of 3.4 percent in January while the number of jobless people rose to the biggest ever figure of 2.30 million, a government agency said Friday [1 March].

The figures reflect the continued reluctance of companies to employ more people despite signs of a pickup in the economy, an official at the Management and Coordination Agency said.

"Corporations are apparently still very cautious about recruiting people, given the feeling that there is a surplus of labor. New graduates or people switching jobs are still likely to find it difficult to find positions," the official said.

The unemployment rate stayed at 3.2 percent during the period from April to October last year, except for a dip to 3.1 percent in May, and rose to 3.4 percent in November.

The agency official said a dramatic improvement in the figure is unlikely in the immediate future.

The number of unemployed was up 17.3 percent or 340,000 from a year earlier, while people with jobs stood unchanged at 63.22 million.

Meanwhile, the Labor Ministry said the ratio of job offers to job seekers rose to a seasonally adjusted 0.67 percent in January, up 0.03 percentage point from December for the fourth straight month of increase. The figure shows that there were 67 job openings for every 100 applicants.

The jobless rate was 3.4 percent for men, remaining at the highest level for the third straight month, while the rate rose to a new high of 3.5 percent for [word indistinct].

The official noted that unemployment among young people remains high, with the jobless rate among workers in the 15-24 age bracket at a record 6.5 percent, compared with 4.2 percent in the 25-34 age group and 2.3 percent in the 35-44 age category.

One notable factor in recent months is the relatively high jobless rate in the 55-64 age group, the official said, noting that "people who have retired or are seeking positions at other companies are having just as hard a time as young people." The jobless rate in that age category was 4.8 percent.

In the manufacturing sector, payrolls shrank 1.7 percent from a year before, while the construction sector saw employment slumping 1.8 percent, the first year-to-year fall in one year and four months.

Employment increased 4.1 percent in the telecommunications and transport industry, while climbing 0.9 percent at retailers, wholesalers and restaurants. In the service sector, a rise of 2.0 percent was seen.

On the job ratio front, job offers were unchanged from the previous month, while job seekers fell 3.8 percent, down for the third straight monthly decline, the Labor Ministry said.

New job openings in January rose 6.9 percent from a year earlier in the service sector, 5.7 percent in the wholesale, retail and restaurant industry, and 4.1 percent in the construction sector. On the other hand, job openings slid 3.9 percent in the manufacturing industry and 0.9 percent in the transport and telecom sector.

North Korea

DPRK: U.S. Urged To Respond to DPRK Peace Proposal

SK0103091396 Pyongyang KCNA in English 0905 GMT 1 Mar 96

["U.S. Should Show Affirmative Response" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA) — If the United States continues to turn its back on the DPRK's repeated proposal for establishing a new peace mechanism, it will be wholly responsible for all the consequences arising therefrom.

So says MINJU CHOSON in a commentary today. The news analyst goes on:

The DPRK, some time ago, initiated a proposal for signing a tentative agreement between the DPRK and the United States to remove armed conflict and danger of war from the Korean peninsula and keep the state of armistice peaceful. This is a realistic way to make up a blank threatening security on the Korean peninsula.

Many days have passed since the announcement of the DPRK's peaceful proposal, but the United States has not yet responded to it. Worse still, it is staging one war manoeuvre after another in and around the Korean peninsula, rendering the situation more strained.

If such developments continue, a war would break out in the Far East, and it is as clear as noonday that it will expand even to surrounding countries beyond the Korean peninsula.

All the questions related to peace and security on the Korean peninsula can be settled only between the DPRK and the United States.

The United States should boldly renounce its old view of confrontation against the DPRK, ponder it over and affirmatively accede to the DPRK's new proposal reflecting magnanimity and peaceful stand.

This will never impair the dignity of the United States but accord with the interests of the United States itself.

DPRK: U.S. Exhorted To Remove 'Nuclear Threat'

SK0103090096 Pyongyang KCNA in English 0833 GMT 1 Mar 96

["Lesson of Bikini" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA) — It is 42 years after the United States had an H-bomb test in Bikini, an atoll of the Marshall Islands in the western Pacific, on March 1, 1954.

NODONG SINMUN today carries an article on this occasion.

The catastrophe in Bikini atoll showed that the imperialists are killers and nuclear fanatics, who are threatening and destroying the existence of humanity. It also gives a lesson that humanity can never avoid a nuclear holocaust unless the peaceloving people the world over turn out in a vigorous anti-nuke struggle, and that the anti-war, anti-nuke struggle is the only way for preventing a nuclear war.

Peace is a noble idea of humankind and the anti-war, anti-nuke struggle is part of the world peace movement, the author of the article stresses, and says:

Owing to the continued aggression and nuclear war moves of the imperialists to dominate the world with strength, heavy dark clouds of nuclear war are still hanging over the earth and humanity is in the danger of a nuclear holocaust.

Even today when the Cold War ended, the imperialists are trying to justify their criminal nuclear policy while using nukes as means of threat and blackmail against other countries.

Describing nuclear weapons as "war deterrent", they are persistently resorting to nuclear policy, posing a danger of nuclear war.

The United States in particular is hell-bent on the nuclear blackmail and moves for a new war against the DPRK, under the unreasonable pretext.

The nuclear threat must be removed and a nuclear war be prevented.

We will as ever resolutely struggle against the imperialists' nuclear war moves and for peace, in firm unity with all the peaceloving people the world over.

DPRK: ROK Assailed for Conduct of Anti-North Military Exercises

SK0103055596 Pyongyang KCNA in English 0448 GMT 1 Mar 96

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA) — The South Korean puppet Prime Minister, Yi Su-song, visited the "Command Coordination Office of the Joint Chiefs of Staff of the Defense Ministry" on February 28 and said "The army should maintain the highest degree of alert posture to cope with possible provocation by the North," a Seoul-based radio reported.

On the same day, puppet Defense Minister Yi Yang-ho told a "monthly meeting" that "the whole army should be kept on full alert and ready for operations" and "perfect readiness for military action is necessary."

We, with a view to urgently arranging an institutional mechanism at least to deter armed conflict and war in the Korean Peninsula, recently brought forward a proposal for a tentative agreement which will replace the Armistice Agreement until a complete peace agreement is concluded between the Democratic People's Republic of Korea and the United States.

In actuality, the dark clouds of a hot war hover above the Korean Peninsula and peace has been threatened by the South Korean puppets' uninterrupted military maneuvers against the North.

This is well illustrated by the facts that a large formation of KF-16, F-16 and other aircraft belonging to the puppet Air Force carried out a training against the North on Feb. 23 and the carrier Independence of the U.S. Seventh Fleet arrived in South Korea on the 24th.

The Kim Yong-sam group are pursuing an ulterior purpose while bringing the situation to the brink of war through anti-North military exercises.

By increasing tension, they intend to emerge from the worst ruling crisis caused by No Tae-u's slush fund scandal and evade public protest against Kim Yong-sam's "New Korea Party," the protest which has been growing stronger with the approach of the puppet National Assembly election.

Though the South Korean puppets are trying to find a way out in war and confrontation under the pretext of "possible provocation by the North," it is nothing but a last-ditch effort of those whose days are numbered.

DPRK: ROK Berated for Studying German, Other Reunification Solutions

SK0103060196 Pyongyang KCNA in English 0430 GMT 1 Mar 96

["NODONG SINMUN on S. Korea's 'Unification Diplomacy'" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA) — NODONG SINMUN today berates the South Korean puppets for sending "unification-related experts" to Germany, Yemen and other countries which had been divided to "study their experience in achieving reunification" and touring ASEAN nations to drum up support for the "resumption of inter-Korean dialogue."

Their intention to "solve" the issue of the country's reunification, the supreme task of the nation, with others' help is a foolish attempt, the paper says in a commentary, and continues:

While crying for the "resumption of inter-Korean dialogue," they seek to cover up their separatist nature and deceive the people into believing that they are "interested" in the country's reunification, thus winning popularity.

If they truly want to see the resumption of inter-Korean dialogue, they should, first of all, apologize to the nation for their anti-ethical, anti-national crimes of the blackest dye and eliminate the notorious legal and institutional machines and physical barrier standing in the way of North-South relations.

None of those with reason will favor their solicitation diplomacy for keeping the country divided. If any country accepts their request, it will draw worldwide fire for its interference in other's internal affairs. Supplying combat equipment to the South Korean puppets and backing their diplomatic efforts is considered a crime of fostering confrontation in Korea and perpetuating the division of the peninsula.

Such an act is contrary to international justice and only harmful to Korean reunification.

Other nations should reject the South Korean puppets' solicitation over the "unification issue" and the puppets must act with discretion.

DPRK: Book Published in ROK Extols Kim Chong-il as 'Great Statesman'

SK2902111496 Pyongyang KCNA in English 1024 GMT 29 Feb 96

[FBIS Transcribed Text] Pyongyang, February 29 (KCNA) — "The Sun of the Political World", a book published in South Korea, carried a treatise "The Leader Kim Chong-il, Peerlessly Great Statesman" by Kim Hyong-min, a professor of politics.

The treatise, the second article of the book, deals with political exploits performed by the great leader Comrade Kim Chong- il.

The author of the treatise noted that the leader Kim Chong-il is a great statesman who has changed the rule over the people into serving-the-people politics for the first time in political history by applying President Kim Il-song's political idea of "people is my god".

Pointing out that the leader Kim Chong-il has built a true society for the people in the North, the author wrote:

He solves all problems among the people, considering that there are philosophy, political economics and literature and art among the people.

It goes without saying that the people of the North are the teacher and what the people want is fully contained in state policies.

The political history of humanity has ushered in a new era of politics for the people thanks to the politics of Kim Il-song and Kim Chong-il who changed the history of the rule over the people, which regarded them as targets of exploitation and oppression, into politics for the people under which they are considered masters and god.

In a literal sense of words, the leader Kim Chong-il is the incarnation of politics for the people.

He is the god our nation should believe in and follow.

President Kim Il-song opened a new era of the people's unity for the first time in political history which had been recorded with antagonism and fratricidal wars between classes, ideas, beliefs and regions. And the leader Kim Chong-il has brought the great flower garden of the people's unity into full bloom.

The politics of the leader Kim Chong-il, a great statesman who has translated the great politics of single-hearted unity into practice, is precisely politics of love and trust, the benevolent politics.

He is a great man, who has created a new history of politics based on singlehearted unity, the benevolent politics which any other great politician in the world failed to.

The leader Kim Chong-il is the great master of independent politics who has developed chuche Korea built by President Kim Il- song into the most powerful independent country on the globe.

The North, guided by the greatest chuche philosophy in then world, is a country with the most powerful people trained by the leader General Kim Chong-il's theory on giving priority to ideology, a country with the greatest party led by him.

The North is really a powerful independent country with great economic potentials.

The North is the only country in the world which has solved the problems of unemployment and poverty.

Indeed, the leader Kim Chong-il is a peerlessly great statesman who has solved outstanding problems facing humankind for the first time in the political history.

DPRK: 77th Anniversary of 1 Mar Uprising Against Japanese Army Commemorated

SK2902124896 Pyongyang KCNA in English 1239 GMT 29 Feb 96

[FBIS Transcribed Text] Pyongyang, February 29 (KCNA) — A meeting was held here today to commemorate the 77th anniversary of the March first popular uprising.

The uprising began with a mass demonstration in Pyongyang on March 1, 1919. It involved more than two million people from all walks of life throughout the country and abroad in three months alone. The protesters fought against the Japanese imperialist Army and police, shouting: "Long live the independence of Korea!"

Director Paek Nam-chun of the secretariat of the Central Committee of the Democratic Front for the Reunification of the Fatherland, addressing the meeting, said that the March first uprising dealt a telling blow at the colonial rule of the Japanese imperialists, was very instrumental in awakening the Korean people to the spirit of national independence and gave a strong impetus to the development of the national-liberation movement of the peoples in colonies.

The reporter further said:

77 years have passed since the uprising against the Japanese imperialists, but foreign forces hold sway and the sovereignty and dignity of the nation are ruthlessly violated in South Korea.

The flunkeyist, traitorous puppet rulers have encouraged outside forces' policy of colonial subjugation and domination over South Korea. The present South Korean ruling quarters' dependence on outside forces is fully illustrated by their fuss about the fiction of "military threat from the North" invented by the imperialist reactionaries as well as their stepped-up preparations for war against the fellow countrymen.

In order to put a period to national division and reunify the split country it is necessary to oppose the interference of outside forces, get the South Korean ruling quarters to stop pursuing the policy of dependence on foreign forces and set up a new peace mechanism between the DPRK and the U.S.

He went on to say that if Japan truly wants to improve the relations with the DPRK, it should honestly apologize for its past crimes of aggression, make due compensation and stop backing anti- DPRK campaign of the South Korean puppets.

The reporter added that the South Korean people of various social strata should actively respond to the just initiative of the North to make this a "year of peace and great national unity" and wage a courageous struggle for getting the "National Security Law" and the "Agency for National Security Planning" removed and for checking the anti-DPRK war provocation moves stepped up by the traitor Kim Yong- sam with the backing of foreign forces.

Among those present at the meeting were Yang Hyong-sop, alternate Politburo member of the Central Committee of the Workers' Party of Korea and chairman of the Supreme People's Assembly, and Yu Mi- yong, chairperson of the Central Committee of the Chondoist Chongu Party.

DPRK: Book With Works of Kim Chong-il Published in Russia

SK2702090596 Pyongyang KCNA in English
0817 GMT 27 Feb 96

["Serial Book 'People's Leaders of the 20th Century, Comrade Kim Chong-il' Published in Russia" — KCNA headline]

[FBIS Transcribed Text] Moscow, February 24 (KCNA) — The Paleya Publishing House of Russia brought out a serial book "People's Leaders of the 20th Century, Comrade Kim Chong-il" on the occasion of the birthday of the Great Leader Comrade Kim Chong-il.

Printed in the front cover of the book is a carved metal image of Comrade Kim Chong-il.

A picture of Comrade Kim Chong-il standing on the top of Mt. Paektu is printed in one of the first few pages of the book.

The book carries his famous works including "On the Chuche Idea," "Socialism Is a Science" and "Respecting the Forerunners of the Revolution Is a Noble Moral Obligation of Revolutionaries", his brief biography, photographs on his revolutionary activities and articles written by Marshal Dmitriy Yazov, former minister of defence of the Soviet Union; Academician Vladimir Karpov, hero of the Soviet Union and writer; Prof. and Dr. of Philosophy Eduard Volodin; Nikolai Mishin, director of the Paleya Publishing House; and others in praise of his greatness.

DPRK: Kim Chong-il Visits KPA Frontline Unit 27 Feb

SK0103091096 Pyongyang Korean Central
Broadcasting Network in Korean
2100 GMT 29 Feb 96

[FBIS Translated Text] Comrade Kim Chong-il, supreme commander of the Korean People's Army [KPA], has given an on-the spot guidance to the KPA unit which defends height 351 in the eastern sector of the front. On 27 February, the great leader [widaehan yongdoja] of our party and our people Comrade Kim Chong-il, chairman of the National Defense Commission of the DPRK and supreme commander of the KPA, gave an on-the-spot guidance to the KPA unit which defends height 351 in the eastern sector of the front.

The invincible militant spirit of the soldiers of our People's Army was vividly witnessed at the unit, were there were placards bearing revolutionary, militant slogans such as "Let us devotedly fight for our respected and beloved Supreme Commander Comrade Kim Chong-il

" and "We serve our respected and beloved Supreme Commander Comrade Kim Chong-il."

KPA Supreme Commander Comrade Kim Chong-il arrived at the unit at 1530. A storm of cheers burst forth at that moment from posts on the height, rocking heaven and earth.

Supreme Commander Comrade Kim Chong-il was met at the unit by KPA Vice Marshal Comrade Yi Ha-il, Generals Comrade Kim Myong-kuk and Comrade Chon Chae-son, Colonel General Comrade Pak Chae-kyong, Lieutenant General Comrade Yi Chin-haeng and other KPA generals and officers, as well as commanding officers of the unit.

Comrade Kim Chong-il acknowledged a salute from the unit's commander. Then, he climbed up the summit of height 351 located in the forefront in the eastern sector of the front, where he learned about geographical conditions, looked at enemy positions 1,200 meters off, and heard a report about enemy conditions [chokchong].

Comrade Kim Chong-il inspected old battle sites on height 351 which still bear traces of death-defying war.

This heroic height 351 is associated with the enduring feats performed by the KPA soldiers during the fatherland liberation war.

The KPA soldiers seized in a few minutes the height, which was of great tactical importance; repulsed counter-attacks of the enemy 16 times; and killed, wounded, and captured numerous enemy soldiers. Twenty-two KPA soldiers were awarded the title of hero of the DPRK. So, they had the honor of receiving a congratulatory message from the great leader [widaehan suryong] Comrade Kim Il-song on 5 June 1953.

Comrade Kim Chong-il recalled with deep emotion how heroically the fighters of height 351 defended the country shedding their blood. The flourishing socialist country could be built at the cost of heroic soldiers who readily dedicated their youth and life for the sake of the party and the leader, the country and the people, he said, adding that their feats will be everlasting in the annals of the country.

He met soldiers on duty on the height and learned about how they were serving and how they were living in the Army. He said that they are devoted to the defense of the country, well aware of their class mission, and that the young people of today are proud of this. No force on earth can overpower the KPA soldiers, who are prepared to dedicate their lives for the sake of the country and the people, he added.

Comrade Kim Chong-il saw the unit's soldiers during training. He noted with deep satisfaction that they grew to be a-match-for-a- hundred combatants and are firmly prepared politically and ideologically and in military technique. He put forward highly important tasks to further strengthen and develop the KPA into an invincible revolutionary Army.

Comrade Kim Chong-il went to the bedrooms, class room, mess hall, and kitchen of the unit to learn specifically how the soldiers were doing. He showed parental love and care for them, saying that deep attention should always be paid to their life as they are all valuable treasures for the country.

Comrade Kim Chong-il gave the unit machine guns, automatic rifles, and field glasses as souvenirs. He expressed his expectation and belief that they would firmly defend the frontline posts with revolutionary arms, arms of the class, in hand.

Comrade Kim Chong-il had a picture taken with the soldiers.

All the soldiers of the unit were very grateful and pleased that the respected and beloved supreme commander, whom they adored even in their dreams, visited the far frontline post despite the rugged road to travel, gave them valuable teachings for the strengthening and development of the revolutionary Armed Forces, and afforded them infinite love and benevolent affection. They were filled with burning resolve to repay the great general's love for and confidence in them with loyalty by defending the defense line [pangson] of the country at the cost of their lives as the heroic soldiers of height 351 did.

DPRK: Method of Education by Positive Example Endorsed

SK2902112896 Pyongyang KCNA in English 0818 GMT 29 Feb 96

["Method of Educating People Through Influence of Positive Examples Is Powerful, NODONG SINMUN" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 29 (KCNA) — The idea and theory that moral education should be conducted by the method of educating people through the influence of positive examples and in a social campaign, are a scientific and mighty idea and theory that can be laid down only by the great leader Comrade Kim Chong-il, who remains unfailingly faithful to the noble communist morality and ethics and has blazed the trail of the communist morality of our era with credit, NODONG SINMUN says in a signed article today.

In his famous work "Respecting the Forerunners of the Revolution Is a Noble Moral Obligation of Revolutionaries" he enunciated that to conduct moral education by the method of education through the influence of positive examples and in a social campaign is a powerful means congenial to the nature of socialist society, the article says, and goes on:

This method is most effective. In the socialist society beautiful traits are displayed and positive examples of noble moral obligation are set by the people. One of the basic features of the socialist society is that all the people lead a happy life with a great pride in their life and an optimistic view of their future in the social relations under the sway of positive examples.

The method conforms to the nature of socialism as well as to the ideological feelings of the people of the socialist society, who constitute a single socio-political organism and give play to revolutionary comradeship and fidelity.

The truth and validity of the idea and theory of the respected Comrade Kim Chong-il in this regard have been fully proved in the ideological work of the Workers' Party of Korea and the historical course of socialist construction, adds the article.

DPRK: Ukrainian Party Official Pays Tribute to Korean People

SK2602043096 Pyongyang KCNA in English 0250 GMT 26 Feb 96

[FBIS Transcribed Text] Pyongyang, February 26 (KCNA) — P.N. Simonenko, first secretary of the Central Committee of the Ukrainian Communist Party, in an interview with KCNA said that what he felt during his stay in the Democratic People's Republic of Korea is that the Korean people are confidently building socialism for the popular masses without any vacillation in face of whatever moves of the enemies of socialism.

Pointing out that the Korean people have made remarkable development through self-reliance under very difficult conditions, upholding the banner of the chuche idea, he said that even those who defend capitalism admitted that Korea has sprung up from debris, working miracles.

He added that the Korean people live, struggle and create things for tomorrow rather than for today.

He paid tribute to the Korean people, who have done a lot of things for the development of their country and the promotion of the public wellbeing.

Referring to the role of the leader in the revolution and construction, he stressed:

Comrade Kim Il-song, who performed a great historical cause, is praised by all people as a great man and great leader for his tremendous achievements for the times and history.

South Korea

ROK Editorial Insists U.S. Had Role in Kwangju Massacre

SK0103070696 Seoul HANGYORE SINMUN in Korean 29 Feb 96 p 3

[Editorial: "Kwangju Massacre and U.S. Responsibility"]

[FBIS Translated Text] What is the extent of the United States' responsibility for the Kwangju massacre in the spring of 1980? Up to now there has been no clear answer to this question. Whenever it has had the opportunity, the United States has made efforts to explain that it "bears no responsibility" for the events, claiming that it was unable to control the mobilization of troops because it had no operational command over them. However, since then the United States has not been able to block the anti-U.S. movement from budding and growing in this country where the United States has previously been supported unconditionally. This was because the U.S. explanation failed to convince our people due to the contradictions and blind points in the explanation.

An article by a U.S. reporter has been published, dealing with U.S. acts carried out before and after the Kwangju massacre, based on his analysis of top-secret documents of the U.S. Government, which were recently declassified. Viewing the content of the article, one can hardly allege that the U.S. explanation was all lies. This is because the commander of the U.S. Forces in Korea, who is also the commander of the ROK-U.S. Combined Forces Command, does not have operational command over all ROK Armed Forces, nor was there any reason for him to be responsible for the moves and operations of all ROK Armed Forces.

Nevertheless, the documents quoted in this article make us confirm that the United States had practical responsibility for the Kwangju massacre. The reason for this is the fact that the United States expressed cooperation and support for the ROK military, who attempted to block with armed force the ROK people's demand for democracy. In other words, the United States had no intention of blocking the mobilization of troops, rather than being unable to block them because it had no operational command over them. Moreover, the United States even supported the mobilization of troops. According to the document, the United States revealed that "if it receives a request for a mobilization of troops, including the units over which it has operational command, from the ROK military, the U.S. Command will give its consent." The policy- reviewing committee in the White House also agreed that "it will not rule out the use of troops, if they are required to regain order."

If the United States had attempted to block unjust movements by the military but failed to do so because it had no operational command, we would appraise it as a good act because we think the less influence the United States exercises, the better. However, the United States was certainly able to exercise influence. This being the case, former U.S. Ambassador to the ROK, Gleysteen, must have reported to his home government that he would not "hint" about his opposition to the emergency plan of the ROK Government to strengthen the police force by mobilizing military troops. Taking this opportunity, we would like to remind the United States that its actions in the wake of the Kwangju massacre encouraged the military coup forces, including Chon Tu-hwan.

ROK Editorial Urges U.S. To Reveal Role Played in Kwangju Incident

SK2902135296 Seoul KYONGHYANG SINMUN in Korean 29 Feb 96 p 3

[Editorial: "The United States Should Reveal Truth in 'Interference [kaeip] in Kwangju'"]

[FBIS Translated Text] The report published in the U.S. trade publication THE JOURNAL OF COMMERCE, saying that the United States supported the new military group's armed repression of the Kwangju pro-democracy resistance struggle, is shocking because the United States has consistently maintained in the past that it had nothing to do with the Kwangju armed repression. If the report is true, the United States deserves to be morally denounced, and should make every effort so that the whole truth be revealed though belatedly.

We believe that the journal's report is based on the truth to a considerable extent because it quoted in detail secret documents of the U.S. State Department and U.S. Defense Intelligence Agency, which were made public according to the U.S. Freedom of Information Act. The journal reported that the Carter administration approved the movement of troops (meaning the 20th Division) to stabilize Kwangju in May 1980, and that Warren Christopher, then U.S. undersecretary of state; and Richard Holbrooke, then assistant secretary of state for East Asian-Pacific affairs; took the initiative of implementing policies pertaining to Korea. Moreover, the journal revealed that the United States agreed that it could offer short-term support under the condition that General Chon Tu- hwan complied with long-range political changes.

This agreement indicates that the United States and General Chon reached a certain compromise. The content of the report is very different from the past U.S. Government's official explanation. What we pay greatest attention to is, above all, that the United States was aware of the fact that the deployment of airborne troops was part of General Chon's emergency plan. Moreover, the U.S. State Department was also aware that the ROK Government's emergency plan had to be cautiously implemented because it was very dangerous.

Needless to say, we do not make the hasty assertion that the United States conspired with the new military forces led by Chon Tu- hwan concerning the bloody tragedy in Kwangju merely based on the fact that the United States approved the moves of troops and was aware of the danger of the Kwangju-related emergency plan. Unlike its past explanation, the possibility of the United States being involved in the bloody tragedy in Kwangju in one way or the other is growing high. This being the case, what we wish at this point is not to raise blame against the United States but that the U.S. Government reveal the truth of what happened at that time without any distortion.

Today the ROK is in the process of liquidating the past in order to set the erroneous history straight. Moreover, concerning this, even two former presidents stand in court to be judged by the law. The report that the United States was involved in "Kwangju in 1980" is shocking. On the other hand, however, the report may offer a good chance for the United States to reveal the truth of the role it played at that time. We wish that the United States reveal now the entire truth concerning the situation at the time. Doing this would be a shortcut to recovering, even to a slight degree, the U.S. moral sense of pride which was hurt by the report.

ROK: DPRK, Japan Agree 'In Principle' To Resume Negotiations

SK0103092296 Seoul YONHAP in English 0850 GMT 1 Mar 96

[FBIS Transcribed Text] Tokyo, March 1 (YONHAP) — North Korea and Japan have agreed in principle to resume negotiations for the opening of diplomatic ties, and the North has proposed Japan to reopen the negotiations in Pyongyang and Tokyo, a Japanese daily reported Friday, citing a source well-versed in North Korea-Japan affairs.

The TOKYO SHIMBUN said that the two government have made secret contacts in Beijing for the resumption of the negotiations since last April, and Pyongyang has appointed its Foreign Ministry Councillor Chong Tae-hwa as the North's new negoatiator. Previously, Yi Sam-no, an incumbent ambassador to Thailand, had been in charge of the role.

The Japanese Foreign Ministry has confirmed the clandestine contacts in Beijing, but refused to disclose details, the newpaper said.

The daily added that the behind-the-scenes contacts are currently stopped because of Japan's power shifts and the deteriorated Seoul- Tokyo relations, but are expected to restart after South Korea's general elections in April.

Meanwhile, the Pyongyang-Tokyo negotiations to open diplomatic relations have been suspended since November 1992.

ROK: DPRK Official Denies Reports on Refused Food Aid

SK0103030896 Seoul YONHAP in English
0250 GMT 1 Mar 96

[FBIS Transcribed Text] Tokyo, March 1 (YONHAP) — A senior North Korean official said Friday that reports about North Korea's refusal of food assistance from abroad due to the military's opposition are untrue.

"We will continue to accept food assistance given in a humanitarian manner," Pang Tae-ok, visiting councilor of the North Korean Committee for Cultural Relations With Foreign Countries, said.

Pang, who was invited to Tokyo by a Japanese private exchange organization, said North Korea has only refused assistance with political strings attached, such as a demand that South-North Korean dialogue resume.

The North Korean official said his country's food situation will continue to be difficult through 1996, because it is impossible to rehabilitate the farmland "destroyed" by last year's floods in a short period of time.

With regard to the question of normalization talks between Japan and North Korea, Pang said he noticed a progressive attitude on the part of Japan toward improving Tokyo-Pyongyang relations.

Asked when he thinks the normalization talks could resume, the Pyongyang official said it depends on the posture of the Japanese Government.

The Cultural Relations Committee is a North Korean conduit for exchanges with those countries that do not have formal diplomatic ties with Pyongyang.

ROK: Logger Seeking Asylum in Russia Deported to DPRK

SK2802122196 Seoul YONHAP in English
1155 GMT 28 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 28 (YONHAP) — A North Korean logger who had applied for asylum in Russia was deported to Pyongyang despite his tearful efforts to shun the deportation.

Amnesty International (AI) reported Wednesday the North Korean man, identified only as Yi Yon-son, committed crimes on purpose to be in Russian prison so as to escape deportation. But, Russia turned him over to North Korea last December, it said.

Yi's story dates back to 1971 when he was imprisoned in North Korea on the ground that he expressed the wish to leave North Korea. On his release three months later, he was branded as a "political delinquent" and shipped to one of their logging yards in Siberia.

Soon thereafter, Yi was caught by Russian officials while trying to run away from a logging yard. In 1976, he asked for asylum in Russia but was denied due to North Korea's intervention which insisted Yi should be deported to North Korea on the completion of his prison term.

As a means of extending his stay in Russia, he used to commit new crimes whenever his prison term was over. His last crime in Russia was committed in 1994, for which he was given four years in prison.

Shortly before the 1994 crime, Yi again asked Russia to allow him asylum in Russia. But, the Russians replied his asylum request can be reviewed only after he was released in 1998.

Despite the pledge, Russia extradited him to North Korea last December under the extradition agreement concluded between the former Soviet Union and North Korea in 1978.

Amnesty International said that Russia extradited Yi to Pyongyang as a prisoner without regard to his personal safety and request for asylum in Russia, who, it said, may be sentenced to death under Article 47 of North Korea's crimininal code.

AI has asked Russia to launch a probe into Yi's extradition to North Korea and to respect the rights of all refugees and those asking for asylum.

The human rights watcher also demanded North Korea to explain about Yi's whereabouts and hold him in a way that conforms [to] the international human rights standard.

Pyongyang has replied that Yi Yon-son has not been under arrest in North Korea, according to Amnesty International.

ROK: DPRK Defector Answers Questions at News Conference

SK2802012496 Seoul SEOUL SINMUN in Korean 27 feb 96 p 21

[Report by Yi Tong-ku]

[FBIS Translated Text] Kim Yong-kuk, 21, a North Korean resident, defected to the ROK, arriving in the new port in Pohang on the afternoon of 25 February after secretly boarding Chonjin ship while it was at anchor in China. The ship (17,000 ton-class, Captain Son Hyon-chu) belongs to Pusan Central Commercial Shipping Company. He said that he heard rumors that a considerable number of North Koreans has crossed the Tumen River to hide in the Yanbian region of China and has been waiting for the opportunity to defect to South Korea.

In a news conference held in the new port in Pohang on the afternoon of 26 February, Kim Yong-kuk said that he heard from Koreans residing in China many times that "North Korean authorities dispatched approximately 2,000 agents to Yanbian region in China to arrest the runaways."

In a question-and-answer conference with reporters held that day, Kim Yong-kuk explained the motives of his defection, the route he took, and the like.

[Unidentified reporter] What were the motives of your defection?

[Kim] Hearing from my relatives and friends who visit China, as well as from the ROK radio, that South Korea is a free, rich country, I decided to come to the ROK, trusting their remarks.

[Unidentified reporter] Will you tell us about the route of your defection?

[Kim] I came to China by swimming across the Tumen River in May 1994, and worked as an employee in a clothing factory and an inn in Yanji and Tianjin. On 22 February, I boarded Chonjin ship, which was at anchor in Xingang. For the past one year and nine months before I boarded Chonjin ship, I attempted to visit the ROK Embassy many times. But I was unable to put it into practice because I was afraid of being forcibly repatriated to North Korea.

[Unidentified reporter] What is the real situation of the North Korean people?

[Kim] Food rationing has been suspended many times for over several months due to prolonged food shortages, and winter clothes were in short supply. Thus, the people suffer from food and clothing shortages, and from the cold. The situation is the worst. This being the reality, the number of North Koreans crossing the Tumen River to come to China is continuously increasing.

[Unidentified reporter] How is your family and what is your future hope?

[Kim] My parents, an elder brother, a younger brother and a sister, live in the workers' district in Osan, Chongju County, North Pyongan Province. I am worried about my family, who will face great difficulties due to my defection. I hope to become an able technician after learning some technology.

ROK Editorial Decries Human Rights Situation in DPRK

SK2702033796 (Internet) The Digital Chosun Ilbo WWW in English 1234 GMT 26 Feb 96

[Editorial: "Facing North Korean Human Rights"]

[FBIS Transcribed Text] The National Unification Institute White Paper on North Korean Human Rights represents the first time for a government level report of its kind. In it, contained the shocking news that 15-20 political prisoners are publicly executed annually, and other prisoners are forced to survive for half a month on grass roots and frogs.

Even without the White Paper, there have been many international documentation of the human rights situation in North Korea, all of which differ in some way. However, one common thread appears through all of them, and that is that the state of North Korea's human rights are the worst among the world, and while the world has been changing since the end of the Cold War, North Korea's human rights conditions are worsening.

However, despite the extensive documentation, it has yet to be followed up with real efforts to improve the situation. North Korean sympathizers defend Pyongyang asking how we can know the state of affairs without actually having gone there, while the government is trying to cover up rather than stimulate action in order to continue discussions with the North Korean government. Also, many intellectuals keep quiet about the necessity of action, for fear of being branded as throwbacks from the Cold War, or conservative reactionaries.

Meanwhile, what about the human rights in North Korea? The government is feeling crisis as the system of the former Soviet and other Eastern Bloc countries is crumbling. Instead of relieving the pressure on society, they go even further in oppressing the people and engaging in human rights abuses without fear as international scrutiny lessens.

Now is the time to take on the problem of North Korean human rights head on. In the past, we criticized our authoritarian government, even with its economic success, for achieving its goal through oppression. Yet the Kim Il-song and Kim Chong-il regime is forcing its people to suffer many thousands of times more severely than the South Korean military government ever did in order to continue the existence of the regime. Then why are those people who were so opposed to human rights violations in the South so quiet with regards to the human rights hell in the North?

If we keep irritating the North, there are many who fear they will lash out. However if we sit back and do nothing at all costs, it will give rise to all kinds of national problems, including the non-resolution of South-North relations. There is a strong opinion that should North Korea be close to collapse, they may react in desperation through violent means, in which case it is our duty to support their faltering nation so that they do not do anything of this kind.

We must consider this issue from the standpoint of ethics, morality, and the Korean people as well as the North Korean residents, but what is just as important is the judgment over the fundamental issue of whether the current human rights butchering North Korean regime's existence has any value.

ROK President Urges Asia-Europe 'Information Superhighway'

SK0103061696 Seoul YONHAP in English 0505 GMT 1 Mar 96

[FBIS Transcribed Text] Bangkok, March 1 (YONHAP) — President Kim Yong-sam called for the establishment of an information superhighway Friday that would connect Asia and Europe to help expand their economic cooperation.

Kim made the proposal while delivering the keynote speech at the first Asia-Europe Meeting (ASEM) held in Bangkok, Thailand. The summit meeting was attended by 25 heads of states from South Korea, China, Japan, seven members of the Association of Southeast Asian Nations (ASEAN) and the 15-member European Union (EU).

"I think that the establishment of communication and transportation networks between the two regions is very important. In preparation for this, the ASEM nations should lead the way in building an information superhighway connecting Asia and Europe," the president said. Kim also proposed the construction of an overall transportation network linking the two continents.

President Kim advocated open regionalism as the basic principle for the expansion of economic relations.

"I hope that openness of the regional cooperation that Europe is pursuing will be enlarged and strengthened through ASEM," Kim said. "I also hope that the countries that account for a sizable portion of the world economy will be able to join the World Trade Organization (WTO) as soon as possible and that the regulations of the WTO could be applied to all nations equally."

Stressing the role of private businesses in the economic cooperation between the two regions, Kim proposed discussions among businessmen be initiated.

Governments, meanwhile, should concentrate on fostering an environment that promotes cooperation and removing obstacles for exchanges and cooperation on the private level, according to Kim.

Kim expressed hope that measures to strengthen cooperation among private businesses would be discussed at a ministerial-level conference.

Kim called on the ASEM participants to support Seoul's persistent efforts to stabilize and unify the Korean Peninsula in a peaceful way, and denounced North Korea for its failure to respond to the South's efforts to resume inter-Korean dialogue.

Kim then called for ASEM members to actively support the Korean Peninsula Energy Development Organization (KEDO) which was formed to provide North Korea with two light-water nuclear reactors.

Later in the day, Kim will attend an official dinner hosted by Thai Prime Minister Banhan Sinlapa-acha, before meeting with Chinese Premier Li Peng on bilateral issues of mutual concern.

ROK President's Speech at 1919 Independence Movement Ceremony

SK0103040996 Seoul KBS-1 Television Network in Korean 0100 GMT 1 Mar 96

[Speech by ROK President Kim Yong-sam at a ceremony at the Sejong Cultural Center in Seoul in commemoration of the 77th anniversary of the 1 March 1919 Independence Movement; read by Prime Minister Yi Su-song — live]

[FBIS Summary] The 40-minute commemorative speech is read by Prime Minister Yi on behalf of President Kim Yong-sam, who is visiting Thailand for the

Asia-Europe Meeting. In the speech, Yi first describes the historic significance of the 1 March Independence Movement and lauds the accomplishments of the fallen patriots. He also notes the need to straighten out history for the sake of the future, adding: "We must continue our reforms while maintaining stability, and consolidate the stability through reform."

Prime Minister Yi then says the ROK intends to contribute to peace in the world and the welfare of mankind and make international contributions commensurate with our national strength in preventing disputes, eradicating poverty, protecting the environment, and promoting human rights, adding: "However, we will resolutely deal with any violation of our sovereignty or our national self-esteem."

Referring to the North Korean issue, Yi says: "North Korea faces a very difficult situation in many respects. Only the ROK can sincerely help North Korea overcome its difficulties and substantially resolve them. What we want is cooperation and mutual prosperity for the sake of reunification, not North Korea's collapse. North Korea must now abandon its distrustful and hostile attitude and come to the arena of North-South exchange and cooperation. We hope the North and South will resume dialogue for genuine national reconciliation at an early date. We also sincerely hope that this year will be recorded as a historic year in opening the era of reunification."

ROK: Country Marks 77th Samil Independence Movement Day

SK0103021396 Seoul YONHAP in English
0140 GMT 1 Mar 96

[FBIS Transcribed Text] Seoul, March 1 (YONHAP) — A ceremony marking the 77th Samil Independence Movement day was held at Sejong Cultural Center Friday morning with Prime Minister Yi Su-song and 4,000 other officials and citizens attending.

The attendees included the bereaved families of those massacred by Japanese police and troops during the countrywide uprising seeking Korean independence.

In a commemorative message read by Premier Yi, President Kim Yong-sam said Korea wishes to help resolve international disputes in a way that is commensurate with its national strength.

"However, we shall deal resolutely with any act infringing upon our sovereignty or harming our national self-esteem," the president said.

He said the Korean people displayed through the Samil movement, that "we can build a proud history and a grand state."

Kim emphasized that a mistaken chapter of Korean history ought to be corrected in the interest of better future, and explained that the on-going drive to correct history is the bedrock of national self-esteem and harmony.

Touching on the North Korean question, President Kim said that South Korea is the only country that can truly help North Korea resolve its difficulties.

"We do not want the outright collapse of North Korea but rather inter-Korean cooperation and prosperity that will ultimately lead to unification," he said.

The president urged North Korea [to] get beyond their intransigence and move forward to South-North exchanges and cooperation. "We hope that the North will soon agree to resume dialogue for genuine national reconciliation," he said.

Programs commemorating the Samil Independence Movement of 1919 were observed all across the country. Commemorative activities included a protest against the Japanese claim to Tokto, a Korean islet in the East Sea.

ROK: DPRK Alleged 'Willingness' To Resume Dialogue Rejected

SK2902121396 Seoul YONHAP in English
1207 GMT 29 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 29 (YONHAP) — The government on Thursday afternoon rejected as another repetition of their propaganda call the alleged expression by senior North Korean officials of the willingness to resume South-North dialogue.

"We regard it as part of their scheme to promote private-level talks over the head of the South Korean Government," Kim Kyong-ung, spokesman of the National Unification Ministry [MNU], said.

CNN (Cable News Networks) Vice President Eason Jordan who has just been to the North said here Thursday high Pyongyang officials spoke of their willingness to have talks with the South any time and anywhere.

The spokesman said this is not the first time North Korea offered to have talks rather informally, which, he said, the South had dismissed as not formal offers.

On last January 12, a facsimile message signed by a North Korean official reached the National Unification Ministry, proposing that talks be held to discuss flood assistance issues.

"We ignored the message because the source of the facsimile letter was not clear and therefore there was a problem as to its credibility," Kim said.

Meanwhile, commenting on the Japanese press reports that North Korea expressed to Seoul their willingness a while ago to resume political talks via Korean-Americans, a government source said the Korean-Americans at issue were a Mr. "K" living in Washington D.C. and a Mr. "N" of New York.

"The government did not make any move on the suggestion after concluding that the offer was a mere political offensive with their relations with the United States in mind," the source said.

ROK: Yi Hoe-chang Displeased With NKP Vote-Mustering Activities

SK2402020596 Seoul THE KOREA TIMES in English 24 Feb 96 p 2

[From the "Press Pocket" column: "Yi's Complaint"]

[FBIS Transcribed Text] Former prime minister Yi Hoe-chang, who has been in the limelight since joining the ruling New Korea Party [NKP] as the chief campaign manager, is miffed at the way the party goes about with its vote-mustering activities.

He is not happy with the party shoring him up as a man from Chungchong province in order to undercut Kim Chong-pil's influence president of the United Liberal Democrats, who is strong in the area.

In a Thursday meeting with Rep. Kim Yun-hwan, chairman of the NKP, he reportedly complained he does not like the party trying to make him a representative leader of the region.

A local daily reported that Yi elaborated on the fact that the party's move would only fan regionalism, which the party vowed to drive out billing it as one of Korea's ills.

According to the daily, Yi was very upset at a press release detailing his enviable family tree timed with his visit to his family graveyard in Yesan, Chungchongnam-to, last week to mark the start of his public activity as the top campaign manager.

Meantime, it was found out that the press release had not been prepared by the party but Chongwadae [presidential offices] according to the daily article.

Yi, who is a newcomer in politics, showed strong displeasure, asking how in the world such family matters could have been released without his consent, although his family background is enviable.

Some party insiders gave the chief campaign manager a sidelong glance, chiding him for being concerned more with protecting his "image" in preparation for his 1997 presidential election than rallying the electorates behind NKP candidates.

Yi commands a wide popularity among the high-brows for his clean and unbending image while serving as justice, chairman of the Board of Audit and Inspection and prime minister. He is one of the hopefuls for the presidency.

ROK: Kim Chong-il's Ex-Wife, Party Reportedly in Los Angeles

SK0103063796 Seoul KYONGHYANG SINMUN in Korean 1 Mar 96 p 1

[FBIS Translated Text] It has been confirmed that Mrs. Song Hye-rim, 59, Kim Chong-il's ex-wife, and seven other people have been staying in a safe place near Los Angeles, the United States.

The final destination of Mrs. Song's group reportedly is the ROK, and the group has already informed the United States of this intention. Some of them, including Song Hye-rim and her sister Song Hye-rang, reportedly will visit Seoul sometime in March, at the earliest, and stay here for some time. During their stay here, they will hold news conferences and then return to the United States.

This was confirmed on 29 February by a high-ranking ROK Government official and Mr. Yi Han-yong, 36, the son of Song Hye-rang. In an exclusive interview with KYONGHYANG SINMUN, Yi said: "My mother phoned me from Los Angeles on the afternoon of 27 February."

He said that he and his mother talked for almost an hour and that she told him that she is staying in a safe house in Los Angeles, the United States, and that her health is fine.

The eight people who are staying in Los Angeles are the Song sisters; Yi Ok-tol, 40, Song Hye-rim's daughter [from her previous marriage]; her 47-year-old husband Wang Song-nim; and their two children; Yi Han-yong's sister Nam Ok, 30; and "Aunt Myong-sun," an attendant.

An ROK Government official said: "U.S. authorities concerned have told us that the Song group was thinking of the ROK as their final destination."

He also said that "they expressed this intention of their own free will."

The Song group and ROK and U.S. authorities held a discussion and decided that the Song group would visit the ROK. They made this decision in the belief that it is time that the Song family openly disclose why and how they defected and which country will be their final destination.

Meantime, ROK and U.S. authorities reportedly have been arranging a visit to the United States by Yi Han-yong prior to the visit to the ROK by the Song group.

In connection with this, ROK authorities said: "Yi will visit the United States at the request of his mother Song Hye-rang and her group. Yi will leave for the United States in less than a week, at the earliest."

ROK: Hyundai Breaks Ground for Semiconductor Plant in Oregon

SK2802044996 Seoul THE KOREA TIMES in English 28 Feb 96 p 8

[FBIS Transcribed Text] Hyundai Electronics Industries [HEI] yesterday broke ground for the construction of a 1.3 billion dollar semiconductor plant in Eugene, Oregon, which will go into commercial operation at the end of next year.

HEI officials said the plant will specialize in the production of 64M DRAM (dynamic random access memory) with a monthly capacity of 30,000 8-inch wafers, making it one of the largest facility of its kind in the world.

According to Kim Se-chung, HEI executive director and newly appointed head of Hyundai Semi-conductor America (HSA), another factory with a capacity of 30 000 8- or 12-inch wafers will be in place by 1999.

The plant is to be constructed on an 82.5-hectare property. It will provide some 700 jobs locally once it begins commercial operation.

"We are currently looking at revenues of 1.6 billion dollars by the year 1999 and 2 billion dollars in 2000 at the Eugene plant alone," Kim explained.

He said the American operation, the first of its kind by a Korean company, will focus on products that are right for the local market while taking advantage of the tax incentives offered by city and state governments.

Experts believe that the market standard has shifted from 4M DRAMs to 16M units, and that the demand for the more powerful and capable 64M chips will reach its peak between 1997 and 1998.

"Depending on the market situation, the facility will produce an appropriate supply of 16M and 64M DRAM chips. After all, the United States has the world's highest demand for DRAMs," Kim said.

HEI had been searching for a suitable site for its first major investment in the United States and decided on Eugene due to tax and financial benefits, a strong infrastructure and a readily available pool of professional manpower.

Aside from the new venture, HEI acquired the Microelectronic Products Division of AT&T-GIS in 1994 and established Symbios Logic for the development and production of non-memory chips, including application specific integrated circuits (ASIC) devices.

HEI last year posted a turnover of 3.9 trillion won (5 billion dollars) with profits close to 1 trillion won (1.3 billion dollars). This year, total sales are projected to surpass 5 trillion won.

ROK Delegation To Attend OECD Financial Committee Meeting

SK2702043996 Seoul YONHAP in English 0147 GMT 27 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 27 (YONHAP) — With the Organization for Economic Cooperation and Development (OECD) opening its financial market committee meeting in Paris Monday, South Korea began facing the hurdles it must overcome if it is to become a member of the international economic think-tank this year.

The South Korean Government sent a delegation headed by Deputy Finance and Economy Minister Sin Myong-ho to the meeting, which is one of the checkpoints the nation must pass to join the Paris-based OECD, Finance and Economy Ministry officials said.

Other checkpoints include the capital movement and invisible trade and the international investment and multinational corporations committees which are scheduled to convene in a joint meeting in April.

The government is reportedly adhering to its established framework of liberalizing financial markets, including the foreign exchange market, although it remains to be seen how the OECD will react to this position.

When the government applied for admission to the OECD last March, South Korea was informed that its application must be approved by seven of 21 committees to become a member.

Late last year, the shipping and insurance committees approved South Korea's application.

So it still faces the scrutiny of five committees — financial market, capital movement and invisible trade, international investment and multinational corporations, environment and finances.

The environment and finances committees will meet in early May and late June, respectively, to examine South Korea's admission application. Passing these examinations is not considered very difficult, according to the officials.

So, the on-going financial market committee meeting and the joint capital movement and invisible trade committee-international investment and multinational corporations committee slated for April are the most formidable hurdles facing the nation, because these OECD committees seem to believe that South Korea falls short of the liberalization requirements in the areas.

So the Finance and Economy Ministry is working to make its market liberalization program targeting 1999 more specific and transparent in an effort to overcome these hurdles, while closely watching the discussions at the on-going finance market committee meeting.

In early December a four-member team came to South Korea to survey the capital and money markets, and earlier this month, a five-member OECD mission came to examine the macroeconomic situation.

Burma

Burma: France's Foreign Policy on Rangoon Viewed

BK0103131796 Bangkok THE NATION in English 1 Mar 96 p A10

[Article by Aung Zaw: "Burma, Oil and Arms: the French Connection"]

[FBIS Transcribed Text] As President Jacques Chirac heads to Thailand for the Asia-Europe summit this week, Burmese activists are watching for clues of a shift in the foreign policy of France, a country some have called the most Rangoon-friendly in Europe.

French ambassador to Thailand Bernard Pottier said recently that Paris had adopted a more "coherent" foreign policy since Chirac came to power. What this means for issues like human rights in countries like Burma, however, remains to be seen.

Burmese activists living in Paris say that the earliest signs are not reassuring. They point to what they charge is a press campaign in the pro-Chirac daily FIGARO to give the junta in Burma a more respectable "face". If it is true, it will be good news for the State Law and Order Restoration Council (SLORC) which has ruled Burma in the absence of an electoral mandate or constitution for almost seven years.

The FIGARO articles in question were written by Thierry Desjardins, a long-time supporter and friend of Chirac.

In one he states: "Burma is now on the right track economically. Experts foresee this country will become one of the most powerful of Asia's dragon in 21st century."

A member of Info Birmanie, a Paris-based Burmese opposition group, said Thierry Desjardins's articles paid little attention to human rights or environmental issues and did not reflect the reality in Burma.

"Burma's prisons are filled with political prisoners. More recently, the military regime cut a deal with notorious drug deal Khun Sa. These are important things the Chirac administration should focus on.

"Like it or not, France's position on human rights issues is wishy-washy," he said.

Unlike in the US where Burmese and Americans activists are campaigning against SLORC and urging Washington to impose trade sanctions on Burma the French public has little interest or information about Burma. "They are not well-informed about what is happening in Burma. They don't even know where Burma is located," said the Info Birmanie worker.

The French public may not know where Burma is. But French businessmen are there. France is the leader among Western countries doing business in Burma, Ambassador Pottier said last year.

"French businessmen normally prefer to follow the leader when it comes to business, but this time they are in the forefront," the ambassador was quoted as saying by the official Agence France Presse news service. More and more French businessmen were contacting the embassy each month he said. Pottier said much of the interest was coming from French businessmen who had rushed to invest in Vietnam but had become discouraged by the red tape and corruption involved in doing business there. Key French exports to Burma include gas turbines, French railway equipment and ATR passenger planes.

French tourists also lead the pack among Westerners in visits to Burma, ahead of Americans. Burma activists in France point to this as evidence of the leading role French travel agencies are taking in promoting Burma's official tourism campaign, "Visit Myanmar Year". A French airline may also be the first European carrier to offer direct flights between Rangoon and Europe, they said.

As of September 1995, French investment in Burma totalled $455 million, according to Burmese government statistics. A large portion was money invested by French firm Total in oil and gas exploration projects. The Gulf of Martaban offshore oil contract was signed in 1991 between Burma's Myanmar Oil&Gas Enterprise (MOGE) and Total.

The links between the French government and Total are strong. Total's top echelons are dominated by former government officials and diplomats. The government owns five percent of Total and 14.46 percent of its subsidiary companies. When General Maung Aye, vice-chairman of SLORC, visited France as a special guest of Total he was given red-carpet treatment in Paris where he met business leaders and some government offficials.

While Total claims that its interests in Burma are purely commercial, some observers say the oil company has already found itself an unwitting partner in the darker side of doing business in Rangoon.

The French narcotics watch group, Observatoire Geopolitical Des Drogues (OGD), charged in a 1993 publication: "Payments by oil companies (mainly Total, the only one prepared to drill) have already been used by Burma's military dictatorship to disguise that fact that the sale of heroin finances weapons purchases. Such purchases have amounted to US$2 billion in the past three years, according to SIPRI [the Stockholm International Peace Research Institute]."

The narcotics trade monitor went on to say that"...smaller weapons contracts have been concluded between SLORC and Poland (sale of 24 used helicopters, plus pilot training) and Portugal (three cargoes of mortars and ammunition)."

"How could Poland, headed by Nobel Peace Prize winner Lech Walesa, accept narco-dollars for the sale of military equipment to a regimen that is repressing a fellow Nobel Peace Prize winner, Aung San Suu Kyi?," OGD asked.

"Warsaw's embarrassed answer was that 'Poland was paid with income from Total'."

Total has rejected the implication of any link between its investment in Burma and SLORC's weapons purchases and alleged drug trafficking, stating that "...in 1992, only $15 million was paid to MOGE, in narco-dollars as petro-dollars. Heroin income would therefore allow SLORC to remain solvent until the real oil money begins to flow sometime in 1995-96.

Burmese activists in Bangkok concede there is no concrete proof that Rangoon's arms purchases were funded with drug money. They charge there is evidence, however, to suggest that Total did help fund the helicopter purchase.

A Bangkok-based NGO, the Southeast Asian Information Network (SAIN) has pointed to the involvement of Jean Pichon, a former French military attache in Bangkok now working as an arms dealer, to back up their charges. SAIN claims that Pichon brokered the deal. Pichon, however, could not be reached for comment.

Drug allegation

In January, notorious drug kingpin Khun Sa surrendered to SLORC. But analysts believe his departure from the scene will have little impact on the flow of drugs from Burma because there are many more drug dealers along the China-Burma border ready to step in and take over his business. In fact many narcotics officers believe the Wa and Kokang minorities have been given a free hand to carry out their dirty business following the signing of a cease-fire agreement with SLORC in 1989. "Burma is heading to be a narco-state because of the way it treats drug leaders leniently and turns a blind eye to drug trafficking," a Rangoon-based diplomat recently remarked.

Indeed, Chirac's visit comes at a time when allegations are being made that France has gone soft on its pledges to fight the international drug trade. Barry James of the INTERNATIONAL HERALD TRIBUNE wrote in November: "Although it [France] has some of the toughest drug laws in Europe, France has apparently turned a blind eye to the huge amount of narcotics being smuggled in."

Burma was the only Southeast Asian country late French President Francois Mitterand declined to visit. A French citizen who watched Paris-Rangoon move said he won't be surprised to see Chirac in Rangoon shaking hands with military leaders. "Money talks," he uttered.

Brunei, Malaysia & Singapore

Malaysia

Malaysia: Foreign Ministry Secretary General on ASEM

BK2902121696 Kuala Lumpur THE STAR in English 29 Feb 96

[Report by Harpajan Singh and Shahanaaz Sher Habib — received via Internet]

[FBIS Transcribed Text] Bangkok — Ten Asian countries will retaliate collectively if the European Union uses human rights discussions to bombard any Asian government at the Asia-Europe leaders meeting (ASEM), Tan Sri Ahmad Kamil Jaafar said yesterday.

The Foreign Ministry secretary-general said Asia was willing to accommodate human rights discussions if the talks revolved on efforts to work together to improve conditions.

"We will reject them outright if they bring up specific topics of so-called violations. We want to avoid pin-pointing such issues which China and Indonesia are sensitive about.

"Pointing fingers makes it difficult. Then it becomes a debate. If they do that, we too have points to raise. We can talk about the failure of Europeans and violations in Bosnia and the low profile of EU over Russia's invasion of Chechnya.

"I think we have made it clear to the EU that we do not want to pin-point here. They know how we feel about all this. But in a summit, anything can happen," he told Malaysian journalists here.

Kamil was responding to reports that some EU countries were adamant about raising human rights issues at the two-day summit among the participating 10 Asian and 15 EU countries which begins tomorrow.

In a related development, Thai prime minister Banhan Sinlapa-acha is reported to have said that he would leave it to the leaders to decide today at an informal dinner when human rights should be on the ASEM agenda.

Banhan was responding to reports that Belgian prime minister Jean-Luc Dehaene had called for such issues to be tackled in ASEM. Portugal has also stated that it wants to debate East Timor problems at ASEM.

However, Kamil noted that both continents wanted the historic meeting to be a success and that ASEM should not be institutionalised.

The leaders will also discuss nuclear testing, proliferation of armament and cross-flow of trade between the continents and stability. Also on the agenda is a business forum for the private sectors.

Malaysia: Minister Claims U.S. Watching ASEM Closely

BK0103075296 Kuala Lumpur THE STAR in English 1 Mar 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Bangkok — Asia's move to explore links with Europe may have triggered concern and curiosity among the North American countries, International Trade and Industry Minister Datuk Sri Rafidah Aziz said yesterday.

She said she believed that the Americans were watching closely the outcome of the Asia-Europe Meeting (ASEM) "because I am sure some will interpret this as a balancing act by Asians." "It can be presumed that Asia is touching base with both continents. We are being practical and pragmatic."

She said Asian countries hoped to exploit ASEM to get the European heads of states to recognise the opportunities that are available here for them and explore joint venture potential.

Malaysia: Second Police Group Departs for Bosnia

BK0103014396 Kuala Lumpur RTM Television Network 3 in Malay 0530 GMT 29 Feb 96

[FBIS Translated Excerpt] A total of 24 members of the Royal Malaysian Police left for Bosnia-Herzegovina at midnight last night to participate in the United Nations International Police Task Force for Bosnia.

The 10 senior officers with the rank of police chief inspectors and 14 ordinary policemen are the second group of Royal Malaysian Police personnel to be sent to Bosnia.

Prior to their departure, the team was entertained with food and drinks in the Bunga Raya room at Terminal One of the Kuala Lumpur International Airport in Subang. [passage omitted]

Malaysia: 'Independent Mechanism' Proposed To Monitor UN Sanctions

BK0103085096 Kuala Lumpur THE STAR in English 1 Mar 96

[BERNAMA report — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — Malaysia has proposed the establishment of an independent mechanism to monitor if United Nations Security Council sanctions imposed on countries were complied with. Its Permanent Representative to the UN Datuk Razali Ismail said Malaysia believed that economic sanctions imposed by the council represent a useful instrument against threats to peace and acts of aggression. "Its implementation, however, had serious problems. Often, third states have encountered severe economic hardship which have not been adequately ameliorated," he added. Razali was speaking at the open-ended working group on the question of equitable representation on and increase in the membership of the Security Council and other related matters in New York. The text of his statement was released here yesterday.

Membership of the mechanism, which could remain ad hoc, could consist of eminent jurists, Razali suggested.

Singapore

Singapore: Goh, PRC Prime Minister Hold Talks in Bangkok

BK0103102596 Singapore Radio Corporation of Singapore in English 1000 GMT 1 Mar 96

[FBIS Transcribed Text] Prime Minister Goh Chok Tong met Chinese Premier Li Peng during a break in the Asia-Europe summit program. Both men discussed regional security issues. They stressed that relations between Singapore and China were very good and there were no bilateral issues to be raised at the Bangkok meeting.

Meanwhile, foreign and trade ministers of both regions have wrapped up their own informal meeting. A European Commission spokesperson said the ministers have decided to hold their business leaders meeting in April and a senior officials meeting in July.

Singapore: Goh Comments on Importance of ASEM

BK0103105196 Singapore THE STRAITS TIMES in English 1 Mar 96 p 1

[Report by Lee Kim Chew]

[FBIS Transcribed Text] Bangkok — Prime Minister Goh Chok Tong yesterday said the summit of Asian and

European leaders here was a very important event that would "start something big between Europe and Asia".

"It will launch many ideas and these ideas will, I believe, be accepted and implemented and thereby cement an enduring relationship between Europe and Asia," he told reporters before calling on Thai Prime Minister Banhan Sinlapa-acha.

Mr. Goh, who first broached the idea of a summit in 1994 to foster closer ties between Asia and Europe, said that he would be putting forward "one or two proposals" to the leaders when they meet for their first session today.

He would focus on ways to build enduring economic and political ties, he added.

"If you look at both Asia and Europe, both are very old civilisations, but despite the fact that they are old civilisations, there has been no institutional contact between the two regions at all in history. So this is a very important meeting."

He paid tribute to France and Thailand which, he said, were instrumental in making the summit possible.

Singapore had suggested the meeting, he noted.

"But it was France which got the Europeans together and got them to be interested in Asia, and it was Thailand which decided to host the meeting.

"Without the Thais deciding to host the meeting, we would not be having this meeting perhaps. I think Prime Minister Banhan will play a very decisive role in the outcome of the meeting tomorrow."

Mr. Goh said that he would support any useful idea which promoted closer Asia-Europe links.

This being a summit, he said, he expected a wide range of political and economic issues to be discussed.

He also expected some of the European leaders to raise thorny issues concerning human rights and democracy.

"But they must be discussed within the wider context of building an enduring relationship between Asia and Europe," he stressed.

The 10 Asian leaders from ASEAN states, China, Japan and South Korea met for a round of talks before attending a dinner with their counterparts from the 15-member European Union.

Asian officials, speaking to reporters yesterday after preparatory talks with the Europeans, voiced optimism that the summit would succeed in laying the groundwork for closer Asia-Europe links.

Already, they are planning how to move the process forward after the summit. A meeting of economic officials is being planned for July in Brussels and an economic ministers' conference is to be held in Japan.

Asian and European foreign ministers may also meet in Singapore in February next year.

All this, one official noted, showed that there had been a "mental awakening" among the Europeans about Asia.

He said: "The Europeans have spent little time thinking about Asia. Now they're forced to think about Asia. The mental change is quite a remarkable thing. It forces them to look at this part of the world."

Thailand's permanent secretary in the Foreign Ministry, Mr. Thep Thewakun, said that the senior officials had put the finishing touches to the chairman's statement, which will highlight the main achievements of the two-day summit.

He said the informal format of the conference, which is chaired by Mr. Banhan would give the leaders plenty of opportunities to exchange views on a wide variety of subjects.

The foreign ministers will conduct their own discussions on economic and security issues on the sidelines of the summit.

Singapore: ROK President Unveils Initiative To Boost Asian Ties

BK0103132296 Singapore THE STRAITS TIMES in English 1 Mar 96 p 1

[Report by Felix Soh]

[FBIS Transcribed Text] President Kim Yong-sam yesterday unveiled a major initiative to strengthen collaboration between North-east and South-east Asia, two areas in the world's most economically dynamic region.

The lunch-time policy address was the culmination of his three-day state visit to Singapore, during which top leaders and businessmen from both sides agreed to enhance bilateral cooperation.

Among those who attended the event at Suntec City were Prime Minister Goh Chok Tong, Minister of Foreign Affairs S. Jayakumar, Minister Without Portfolio and Minister-in-attendance Lim Boon Heng, Korean Minister of Foreign Affairs Kong No-myong, Korean Minister of Trade, Industry and Energy Pak Chae-yun and the director of the Institute of Policy Studies Professor Tommy Koh.

Earlier, the Korea-Singapore Economic Cooperation Committee comprising prominent businessmen held talks to identify business areas in which they could cooperate, with a special focus on joint regional investment.

In his address, Towards the 21st Century: Partnership for the Prosperity of Asia, President Kim singled out ASEAN as a model of successful regional, collaboration.

Speaking in Korean, he noted that Seoul's relations with ASEAN were becoming increasingly complementary and mutually beneficial.

In particular, he pointed out the remarkable growth in trade between the South-east Asian region which centred on ASEAN and South Korea.

Said Mr. Kim: "Trade between the region and Korea has expanded by 20 per cent annually since 1990 to exceed U.S.$25 billion in 1995. This trend of sharply increasing two-way trade is expected to continue."

South Korea's policy was to work even more closely with ASEAN to develop relations to an even higher dimension, he added.

The aim was to further promote ASEAN-South Korean cooperation and strengthen collaboration between North-east and South-east Asia.

To achieve this, he outlined a five-pronged initiative in which South Korea will act on the following:

— Work with ASEAN "to disseminate the common values of liberal democracy and market economy";

— Develop mutually beneficial cooperation with each and every member of ASEAN by further "invigorating" economic exchanges with them;

— Take an active part in ASEAN endeavours to resolve the lingering poverty, insufficient infrastructure and shortages of skilled and technical manpower in parts of the region;

— Actively develop a middle zone that will serve as a bridge between North-east and South-east Asia; and,

— Encourage studies of the ASEAN region and support academic exchanges with the universities of the ASEAN countries.

On his country serving as a bridge between North-east and South- east Asia, he pledged: "South Korea will endeavour to see to it that the belt of prosperity extending from Japan and the Republic of Korea will stretch through China to South-east and West Asia."

He also said Korea would expand the scope of economic cooperation with the inner areas of the Asian continent lagging behind in development. It will also participate in the Mekong River Basin Development projects.

"As the first step towards strengthening cooperation with ASEAN, the Republic of Korea will further develop its partnership with Singapore," said Mr. Kim, who left for the Asia-Europe Meeting in Bangkok directly after the event.

Responding to a question later on the possible threat to the economic prosperity of the region, he said: "North Korea is perhaps the most uncertain regime in the world.

"That country is like a broken airplane. We don't know if it's going to crash or make a soft-landing."

Cambodia

Cambodia: Ranariddh Receives UN Human Rights High Commissioner

*BK0103111496 Phnom Penh National Radio of Cambodia Network in Cambodian
0200 GMT 1 Mar 96*

[FBIS Translated Text] His Excellency [H.E.] Li Thuch — personal secretary of Prince Krompreah Norodom Ranariddh, first prime minister of the Royal Government of Cambodia [RGC] — has disclosed that at an audience with H.E. Jose Ayala-Lasso, UN High Commissioner for Human Rights, on the afternoon of 29 February, the prince krompreah said if Cambodia cannot achieve national reconciliation, democracy and freedom will not exist. Democracy and human rights promotion, he added, should also go in tandem with development.

The prince first prime minister pointed out that although the RGC is only two years old and has managed to develop a great many sectors, it needs more time for the national construction process.

Commenting on the issue of freedom of expression, the prince krompreah said there are altogether 90 newspapers, including reviews, which are published in national and international languages in Cambodia at present. Therefore, compared to other countries, it can be seen that Cambodia, which has a population of only 10 million, is exceptionally free.

Concerning the legal aspects in Cambodia, the prince said: We will ask the Constitutional Council to adopt different laws as quickly as possible, and we will set up a supreme court in a speedy fashion as well. This will allow Cambodia to become a country endowed with various laws as other countries.

The prince also praised the UN Human Rights Office in Cambodia for its efforts to join the RGC in promoting human rights.

Cambodia now has 40 human rights agencies operating to enhance human rights in the future.

The prince did not object to the presence of the Human Rights Office in Cambodia. Instead, he said the RGC is prepared to assist in the human rights improvement.

In his reply, H.E. Ayala-Lasso said the Switzerland-based UN High Commissioner for Human Rights would assist Cambodia in the 1998 elections if it were asked. He also commended the RGC for having given a bigger budget to the Education and Health Ministries in 1996. He expected that, in the future, all of the Cambodian institutions would receive budget increase in a correct and fair manner.

Cambodia: Khmer Rouge on U.S. Move Against Drug Trafficking

BK0103111296 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 29 Feb 96

[Unattributed commentary]

[FBIS Translated Text] U.S. President Clinton has recently included the two heads on the drug trafficking blacklist. The inclusion could lead to an automatic cutoff of aid.

In fact, all of them are addicted to, intoxicated with, and immersed in heroin.

Why has Clinton decided to include the two heads on the drug trafficking blacklist? Because the two heads are drug addicts like the Americans, who have consumed more heroin than anyone else.

The United States is not a heroin producer, but it has imported the drug from other countries. Since Clinton has punished them, the two heads are worried about finding ways to shirk the charge so they can further cheat the United States of petty cash.

Who will be cleverer than whom? Who can cheat whom? We shall have to wait and see.

In the past, the clique led by Hun Sen and Ranariddh was able to deceive the United States once in a while. That is, the two-headed co-prime ministers, co-interior ministers, co-defense ministers, army commanders, police chiefs, and provincial governors were able to collude with Theng Bunma, known as Thai Bunrong, to send shipments of heroin abroad one after another. Now, they continue to export heroin. They have channeled heroin from Laos to Phnom Penh, then Koh Kong and Kompong Som, from where foreign merchants, who are American intermediaries, take it to the United States. Heroin from Cambodia is badly needed because it is cheaper than elsewhere. Moreover, it is easy to buy heroin in Cambodia because there is no checkpoint on the supply route from North Laos to the Cambodian province of Stung Treng.

The communist Vietnamese have shipped hundreds of kilograms of heroin from Laos each time because communist Vietnam has been in total control of Laos from village up to the top levels, be it police or military. Once heroin arrives in Stung Treng Province, the communist Vietnamese order the two heads to channel it personally to Phnom Penh, then Kompong Som and Koh Kong. From there, the Vietnamese ship the heroin to other destinations.

Why is heroin in Cambodia cheap? Because one does not need to pay a lot of bribes as in other countries.

The communist Vietnamese and the two heads, specifically the one- eyed Hun Sen, have thought that, whether the United States aids them or not, they will continue the drug trafficking operations and sell other narcotics. Heroin is, however, most important because it gives them a yield of between $20 million and $30 million each month. This is why communist Vietnam and this Hun Sen person have been so arrogant and insolent toward the United States and the West.

Will Clinton dare cut off aid to the two heads? It is predicted that he will not because Clinton and the two heads are godfather and godsons. As for the Vietnamese and the two heads, they are natural father and sons. They are all of the same ilk.

The United States and the West have fooled other people with the promotion of human rights and the fight against drug trafficking. In fact, the Americans have consumed much more heroin than other peoples. The number of U.S. troops and officials addicted to heroin is the highest in the world. Even youths, both male and female, in high schools and universities are always in possession of needles for drug injections. This being so, the United States will certainly not prevent heroin from being shipped in. As a matter of fact, scores of shipments of heroin from Latin America, especially Colombia, have been allowed to arrive in the United States. Apart from this, consignments of heroin from some Asian countries, particularly the triangle area, have been sent to the United States nonstop.

Vietnam now sees as its source of cash heroin that it has exported through the two heads, specifically the one-eyed Hun Sen and [co-Interior Minister] Sar Kheng. It has given some of the money to the two heads, enabling them to pursue the war. Therefore, it is predicted that Clinton will not cut off aid to the two heads. Clinton will only dare to cut off aid to the two heads if the coming Buddha attains enlightenment; however, it is clear that the Buddha will not do so.

Cambodia: Khieu Samphan Accuses U.S. of Colluding With SRV

BK0103085296 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 29 Feb 96

[Interview with Khieu Samphan, prime minister of the Provisional Government of National Union and National Salvation and chairman of the National Union Party, by an unidentified station correspondent; date and place not given — recorded]

[FBIS Translated Text] [Correspondent] My respects to Your Excellency prime minister. Please, permit me to continue the interview I had with you on 23 February. Our question today is: Why did the United States and the alliance need to collude with communist Vietnam to destroy the Paris accord and peace and to continue to fuel the communist Vietnamese war to kill the Cambodian nation and people? Can you elaborate?

[Khieu] Yes, thank you. Since the alliance, with the United States as ringleader, has a strategy of making themselves the world's only superpowers, it has opposed all national forces that know how to rely on the forces of their own nation and people to defend the rights of the nation and the people to live as a nation and people endowed with independence, sovereignty, national identity, national honor, national civilization, and national traditions. As for the slogans on human rights, democracy, and so on that they have shouted, they are merely excuses. According to the strategy, Democratic Kampuchea [DK] is not the only target of the U.S. opposition. The coup d'etat staged by the United States in 1970 to topple an independent and neutral Cambodia was also organized in accordance with this strategy.

At present, the United States and its allies have not only implemented the strategy in Cambodia but also throughout the world. As a result, movements opposing the strategy of the United States and alliance have grown stronger and stronger in our region and all over the world. Struggles have erupted in many regions, such as Somalia, Bosnia, the Middle East, and elsewhere.

[Correspondent] Yes. Between 1979 and 1991, while attacking DK, the United States also lent support to the tripartite resistance forces. Why did it act like that?

[Khieu] It should be recalled that between 1979 and 1982, the tripartite coalition government did not exist. There was only DK. At that time, the United States supported DK and opposed the communist Vietnamese aggressors at the United Nations.

[Correspondent] Yes, at that time the United States and its allies did not care whether it was the Khmer Rouge or not. Why?

[Khieu] Because the United States and its allies were anxious about the presence of the Soviet Union and Warsaw Pact in the world and Southeast Asia at that time. In Southeast Asia, there was also communist Vietnam as the vanguard of the Soviet Union and Warsaw Pact. So, they needed the Cambodian national resistance forces [CNRF] and DK to confront their enemies and protect their strategic, political, and economic interests in Southeast Asia and Asia- Pacific.

[Correspondent] Yes, when did the change take place?

[Khieu] The change took place when they saw communist Vietnam [words indistinct] in its war of aggression in Cambodia and the Soviet Union and the Warsaw Pact were moving toward total collapse due to their war in Afghanistan, their support for the communist Vietnamese war of aggression against Cambodia, and their competition with the United States and other allies in invading and annexing other parts of the world. Therefore, the United States and its allies no longer feel worried about the Soviet Union and communist Vietnam; they do not need the CNRF any longer. They have turned to destroying DK instead. Since they think that they are the only superpowers of the world, they need to destroy all independent forces that, they think, stand in their way.

In July 1990, a Baker-Shevardnadze communique was issued. The communique was prepared by the United States and the Soviet Union in order to organize a collusion between communist Vietnam and the United States to oppose the CNRF and DK. The United States, Soviet Union, and communist Vietnam have determined since that time that the communist Vietnamese aggressor forces should be preserved in Cambodia. Only a coalition of two parties, not four, has been allowed to exist.

As the United States has no forces in Cambodia, it needs the communist Vietnamese troops. It has paid communist Vietnam to continue to fuel hostilities for the purpose of destroying the CNRF, especially DK. They regarded the Paris accord as a sheet of paper for deception; so, the accord had been implemented. The communist Vietnamese aggressor forces have not been withdrawn and the qradripartite coalition of national reconciliation has not been allowed.

Immediately following the elections organized by UNTAC [UN Transitional Authority in Cambodia] in 1993, the two heads were put together and the American puppet forces and the communist Vietnamese puppet troops were combined to attack DK. They have continued their attack against DK ever since. Nevertheless, our nation and people as well as the world are aware of the outcome of the strategy and policy. Both communist Vietnam and the alliance have all failed. The two heads, who are the tools of their war of aggression, are now twisting and agonizing in all fields and sectors. As for our nation, the people and national resistance forces are still bearing up firmly with the highest national pride.

[Correspondent] Thank you, Your Excellency.

[Khieu] I wish to stress that the reason the Cambodian nation and people want to have the problem solved is to save and prevent our nation, people, and race from being gobbled up, swallowed, and turned into a second Kampuchea Kraom by communist Vietnam. In other words, this is to allow Cambodia to survive as an independent, sovereign, peaceful, unified, and neutral country with its territorial integrity and under a liberal, democratic, and market-economy regime. We want nothing else.

Indonesia

Indonesia's Alatas Confirms Talks With Portugal on East Timor

BK0103141296 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 1 Mar 96

[FBIS Translated Text] President Suharto and Portuguese Prime Minister Antonio Gutteres held a meeting for about 10 minutes in Bangkok last night following an informal meeting of the Asia-Europe leaders. Foreign Minister Ali Altas has confirmed that talks took place between the two leaders and said that they discussed the East Timor issue.

The Portuguese side made the first move in requesting the talks and this was accepted by President Suharto. The two leaders were not accompanied by their respective aids because the meeting was held very suddenly. In a special briefing to RRI [Radio Republic of Indonesia] and TVRI [Television Republic of Indonesia] at the Shangri-La Hotel, where President Suharto is residing, Ali Alatas said that Portugal's decision to discuss the East Timor issue with President Suharto is due to the fact that Gutteres' wish to raise the issue at the Asia-Europe Meeting [ASEM] has been rejected by all participating delegates both from Asia and Europe, because they consider the issue is not relevant.

[Begin Alatas recording] This is the first heads of state-level meeting between Indonesia and Portugal since the two sides became involved in the East Timor issue. From this point of view, the event is highly newsworthy. In general, during the meeting the two sides exchanged their opinions and explained each other's stance on the issue. I have seen news reports from, among others, REUTER. It seems that the Portuguese foreign minister has disclosed part of what he discussed with President Suharto during the talks. I just want you to take note of this. It appears that the Portuguese foreign minister has a motion that they will agree to the opening of an interests sections, which I have previously mentioned in Jakarta. This would mean that one or two Portuguese diplomatic officials would be placed at an embassy, such as the Dutch Embassy, in Jakarta, and likewise one or two Indonesian diplomatic officials would be placed at an embassy in Portugal. This shows that we have not yet reached the level of diplomatic ties.

Meanwhile, Portugal has proposed the release of Xanana Gusmao, leader of the Fretilin [Revolutionary Front for an Independent East Timor] guerrilas. [passage indistint] [end recording]

Indonesia: Suharto Stresses 'Spirit of Partnership' at ASEM

BK0103060296 Jakarta KOMPAS in Indonesian 1 Mar 96

[Report by a KOMPAS news team from Bangkok — received via Internet]

[FBIS Translated Excerpt] Bangkok, KOMPAS — President Suharto has stated that the Asian-European cooperation to be realized through the Asia-Europe Meeting [ASEM] must be based on the spirit of partnership. This is important primarily in view of great differences among ASEM countries in terms of their economic growth, mastery of technology, and cultures.

Speaking to reporters, Minister and State Secretary Murdiono said the head of state made the remarks during a bilateral meeting with Austrian Chancellor Franz Vranitzky, which lasted for about 90 minutes at Shangri-la Hotel on Thursday (29 February).

According to Murdiono, the president considered ASEM to be a historic meeting because it will provide momentum for Asian and European countries to cooperate on socioeconomic development in the post-Cold War era.

ASEM will show each country that it cannot live alone and that countries need one another. "The president, thus, believes that an atmosphere of partnership and cooperation based on the spirit of partnership should be developed at the ASEM," the minister and state secretary said. [passage omitted; covered by referent item]

Indonesian Editorial: ASEM Learning Experience for Both Sides

BK0103050396 Jakarta REPUBLIKA in Indonesian 29 Feb 96 p 6

[Editorial: "The First Asia-Europe Meeting"]

[FBIS Translated Text] A meeting between the heads of government and economic leaders of the Asian nations and their European counterparts will be held in Bangkok in a few days. Hopes for a positive outcome from the meeting, focusing on economic cooperation, are as high as those for the APEC [Asia-Pacific Economic Cooperation] forum, a similar forum between the Asian nations and their partners in the Asia-Pacific region.

The Asian nations find Europe no less attractive for boosting economic and trade cooperation than the United States, the Central American countries, South America, Australia, or New Zealand. As a matter of fact, there is a strong base of traditional economic and trade cooperation between several Asian nations and their partners in Europe. This is mainly due to a history of cooperation that has stood for hundreds of years, either through colonization or longstanding cultural ties between the two sides.

The economic infrastructure in Asia — banking, insurance, business practices, and law — has been formulated based on material from traditional partners in Europe. Several Asian leaders from the current and previous generations studied in Europe or experienced the spirit of modernization and the aspiration for national development based on the objectives of social development and progress that began in Europe.

In the current era, Asia and Europe must undertake a historical journey. The two regions have experienced significant social, economic, political, and ideological changes. The configuration of Europe 10-20 years ago was totally different from the current map of Europe. The vast changes in Europe are not limited to its geopolitical map; its economic map has also undergone changes.

It is the same with Asia. Several parties on the other side of the world — including business circles in Europe — have advanced knowledge when discussing Asian matters. Their knowledge is not just of Asia's market potential, but much more of the advancement of its ability to become an economic force. Its ability to acquire expertise in science and technology and develop industries that were previously monopolized by the world's main economic forces shows that the Asian nations are prepared for the era of globalization and are able to grab markets that no one imagined that they could enter. The Asian business community has developed to such an extent that it is able to meet challenges and seize opportunities not only domestically but also in Europe, Australia, and the United States.

Many European countries must update their data base [preceding two words in English] on Asia. Likewise, the Asian nations should not remain proud and complacent with substantive or cosmetic changes. It would be good for the Asian nations to listen to what others have to say about them once in a while.

Indonesia: Economist's Predictions for 1996 Economy

96SE0027A Jakarta WARTA EKONOMI in Indonesian 1 Jan 96 p 8

[Article by Dr. Sjahrir under the "Economic Commentary" rubric]

[FBIS Translated Text] One advantage economists have over other professionals is their great ability to explain the weaknesses of their earlier views. Economists are always asked to predict the economy, and soon they eloquently explain why their predictions were wrong.

Starting with that, permit me to look into the crystal ball of our economy for 1996. We indeed must try to look, while raising some strategic questions.

The first question—which always arises—is, Will Indonesia conduct devaluation in 1996? The answer has become increasingly "ritual": no. Our economists will continue to see a more stable rupiah.

I have a "caveat" that must be given thought, however. The fact is that from 1993 to 1995 we have been unable to control prices. This has not always had a positive effect on the stability of the rupiah's exchange rate in the medium term. It is impossible for us always to have inflation that approaches 10 percent while trying to keep depreciation of the rupiah against the dollar at between 3 and 4.5 percent. My prediction: If there is no fundamental deregulation, the gap between inflation and the exchange rate will of necessity become smaller, like it or not. If inflation is hard to reduce, the only way that is open is to increase the depreciation of the rupiah against the dollar.

The second question is: Will the current account deficit improve?

Experts have many predictions related to the skyrocketing of the current account deficit. Signs during 1995 were certainly worrisome: soaring imports of consumer goods, relatively slow growth in non-oil-and-gas exports, and sharp increases in payments of loan interest.

My prediction in this matter is that there will be no improvement in the current account deficit, and dependence on the input of capital to the capital balance will increase in 1996. In turn, increased input of capital to the capital balance can be achieved only if all the stories about a high-cost economy are responded to seriously, and if concrete policy changes are made. Examples would be the elimination of fees called for by regional regulations, as pointed out by Prof. Sumitro Djojohadikusumo, and the implementation of decentralization, for which there seems to have been no follow-up since the deregulation of last October.

It is time for us to use the momentum generated by the merger of the Departments of Industry and Trade as a signal to implement the long-awaited debureaucratization. We know that although deregulation has taken place, decentralization and debureaucratization have yet to be felt.

The third question is: What will be the rate of growth in 1996?

Here, experts will very likely find something easier to agree on, namely that the rate of growth will be between 7.2 and 7.7 percent. It is now time for us to ask more specifically about the relationship between economic growth and the process of accumulating productive economic resources. There is no doubt that up to now economic growth has only produced an uneven distribution of economic resources—because they have been controlled by a few conglomerates. Meanwhile, the middle and lower economic classes have very little capacity to endure. In this case, thought needs to be given to steps that can be taken to correct this uneven distribution of productive assets.

Personally, I recommend that on the Surabaya Stock Exchange priority be given to between 10 and 20 *Pribumi* [people not of immigrant ancestry] companies, which would be listed with the help of venture capital amounting to 1 to 5 percent of net profits of the BUMN's [state-owned businesses]. These profits so far have not been used effectively. Although there is a feeling that this option, or recommendation, is racial, in my opinion it is simply practical. That feeling arises from the fact that there is imbalance among races. I understand, of course, that the issue of *Pribumi* and non-*Pribumi* is not merely one of economics.

In my estimation, 1996 will also be a year of increased political activity, because this is the last year before the general election. As a result, increased political activity will be a priority. This means that the making of economic policy will receive reduced priority, or it may be that economic policy will be driven by larger political considerations in 1996.

Overall, I can say that I do not see in the crystal ball any terrible jolts that could bring chaos to the national economy. On the other hand, I do not see any basis for being very happy, either, about facing 1996.

Laos

Laos: Cross-Border Transport Agreement Signed With SRV

BK0103114696 Vientiane KPL in English 0951 GMT 29 Feb 96

[FBIS Transcribed Text] Vientiane, February 28 (KPL) — Laos and Vietnam reached an agreement on cross-border goods transport during a recent seven-day working visit to Vietnam by a delegation of the Ministry of Communication, Transport, Post and Construction.

The delegation led by its minister, Mr. Phao Bounnaphon, arrived here on February 25.

While in Vietnam, the Lao delegation called on Mr. Phan Van Khai, vice prime minister of Vietnam, and held talks with delegations of the Ministry of Transport and Communication and of Post and Telecommunication Department of Vietnam. Both sides reaffirmed the materialisation of agreements reached between the Political Bureau of the Central Committee of Lao People's Revolutionary Party and the Communist Party of Vietnam, and between the two countries' governments. The discussion also touched upon the Lao-Vietnamese cooperation in building a port at Vung Ang, Hatinh Province, central Vietnam, this year.

The two sides also discussed the renovation of road links between the two neighbours and with those in the sub-region, including Roads No. 8 and 9, the economic survey of Road No. 18 in southern Laos, business co-operation in communication, transport, post and construction areas.

Vietnam also agreed upon cooperation in a bilateral fiberoptic project with Laos, which will link telecommunications among China, Vietnam, Laos, Myanmar [Burma], Thailand, Malaysia and Singapore.

Laos: Unexploded Ordnance Steering Committee Meets

BK0103114396 Vientiane KPL in English 1005 GMT 29 Feb 96

[FBIS Transcribed Text] Vientiane, February 28 (KPL) — The first meeting of a steering committee established to oversee the activities of the National UXO [unexploded ordnance] Awareness and Clearance Programme, was held on Tuesday, 27 February 1996, in Vientiane.

For the past 20 years, thousands of Lao people have been injured in accidents caused by unexploded ordnance (UXO) left over from the Indochinese war, and in many areas land use has been denied due to the presence of UXO. Only recently has it become possible for the government, with assistance from the international community, to plan for a nation-wide programme to rid the country of UXO's on a systematic basis.

The steering committee meeting was chaired by the vice-minister of labour and social welfare, Mr. Noi Indavong, and senior delegates from the Ministries of Foreign Affairs, National Defence and provinces, as well as representatives of UNDP [UN Development Program] and UNICEF.

Mr. Noi stated that following the recent issue of the prime minister's decree No. 49, the steering committee had been established within the Ministry of Labour and Social Welfare to set the overall policy guidelines for a coordinated response to clearing the country from the hazard of unexploded ordnance. The meeting approved the establishment of a UXO unit within the Ministry to coordinate the day-to-day activities, and endorsed a national work plan which [word indistinct] strategy for UXO clearance. Mr. Saikham, formerly the officer in charge of the Mekong River Commission Secretariat, was confirmed as the national director for the UXO programme. Other activities which will commence shortly include a detailed socio-economic survey to determine the full extent of the problem and to help set priorities of work. A central UXO training school will also be established with the cooperation of the U.S. Government.

The UNDP resident representative, Mr. Jan Mattsson, congratulated the government on the establishment of the steering committee, and said he was pleased that the long-standing issue of UXO was now being addressed in a comprehensive way. Mr. Mattsson said UNDP had created a trust fund to provide donor funding for the UXO programme, as the presence of 'bombies' in the country hampered development efforts, and was one of the causes of rural poverty.

Philippines

Philippines Military Official Comments on Spratlys Issue

OW0103130896 Tokyo KYODO in English 1240 GMT 1 Mar 96

[FBIS Transcribed Text] Manila, March 1 KYODO —- A Philippine military official told reporters Friday [1 March] that China has upgraded its structures on a Philippine-claimed reef in the disputed Spratly Islands by mounting electronic equipment on the platforms.

Maj. Gen. Carlos Tanega, chief of the Philippine Armed Forces' Western Command, said the electronic equipment indicates China has made improvements to four structures resting on stilts on Mischief Reef.

The reef is located some 208 kilometers from the island province of Palawan and about 583 km southwest of Manila.

Although he did not describe the exact type of equipment seen on the structures, Tanega said it is "certainly a cause for worry."

Tanega said the improvements to the existing octagonal-shaped structures will further complicate the country's "security problem" and that the Philippine national leadership has been informed of the matter.

Tensions rose in the Spratlys early last year when Philippine President Fidel Ramos ordered more troops deployed in the area after the military discovered that the Chinese had built the platforms.

China has insisted that the structures on what Filipinos call Panganiban Reef (Meiji or Mischief Reef to China) were just rest facilities for Chinese fishermen and that they pose no military threat.

Philippine military officials, however, see the structures as proof of what they term China's "growing military posturing" in the South China Sea.

The military last year also found Chinese markers near other shoals, reefs and atolls within the 200-nautical mile exclusive economic zone of the Philippines.

The Philippines is one of six countries claiming part or all of the 1,000-km Spratly chain of islands and atolls believed to contain minerals and oil, the other countries being Brunei, China, Malaysia, Taiwan and Vietnam.

Philippines: Assassination Plot Reports Put Police on Alert

BK0103045696 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 29 Feb 96

[FBIS Translated Text] The police force in Mindanao has been placed on red alert after having received intelligence reports of assassination plots against those who oppose establishing a provisional government as demanded by MNLF [Moro National Liberation Front] Chairman Nur Misuari. Four members of the Abu Sayyaf, allegedly from Patikul and Looc in Jolo, were dispatched to liquidate opponents of the provisional government. According to Mindanao police Director Orville Gabuna, one of those on the assassination list is Congresswoman Maria Clara Lobregat. These reports prompted greater security at the Garden Hotel as Nur

Misuari and over 100 bodyguards and 15 close-in security members arrived for the peace talks.

Philippines Liberalizes Car Manufacturing Program

BK2902133996 (Internet) The Journal Group WWW in English 28 Feb 96

[This web page publishes material from four daily newspapers and a weekly magazine put out by the "The Philippine Journalists, Incorporated (PJI), also known as The Journal Group." The dailies are THE PEOPLE'S JOURNAL, THE PHILIPPINE JOURNAL, THE PEOPLE'S JOURNAL TONIGHT, and THE PEOPLE'S TALIBA. The weekly is the WOMEN's JOURNAL; unattributed report]

[FBIS Transcribed Text] Palace [Malacanang Palace; government] liberalizes car manufacturing program. Memorandum Order [MO] 346, amending the guidelines on the Car Development Program [CDP], the Commercial Vehicle Development Program [CVDP], and the Motorcycle Development Program [MDP], was signed by the President on Feb. 26.

The order cited the need to increase the export of automotive parts and components to develop a viable automotive parts manufacturing industry, which is the common and main objective of the CDP, CVDP and the MDP.

The president also stressed the need to support accelerated rural development by providing suitable means for the transport of goods, services, and passengers.

At the same time, he underscored the need to encourage and assist the development of the nonformal automotive industry in areas of safety, road worthiness, and compliance with emission standards.

The salient features of MO 346 are:

— Entry into the Motor Vehicle Development Program [MVDP] will be liberalized.

— All closed categories of the CVDP such as the CDP I (People's Car), CDP II (Main CDP) and CVDP II (Light Commercial Vehicles [LCVs]) and MDP-A (two-wheel motorcycle) will now be opened to new participants subject to a minimum investment requirement for parts and components manufacturing and to compliance with the local content and foreign requirements.

— There will be no more limitation in the number of models and variants nor in model retention.

— The importation of brand new, completely built-up [CBU] motor vehicles including cars, motorcycles, and LCVs for transport of persons with seating capacity of less than 10 passengers will now be allowed, subject to a memorandum to authorized agent banks to be issued by the Monetary Board.

— New participants to the program which will export at least 50 percent of their CBU (70 percent in the case of foreign companies) may be authorized to import SKD [semi knocked down] units for their local market portion of their operations as incentive for setting up in the Philippines their CBU production platform for their car exports in the region.

— Program participants will be required to comply with a vehicle local content at present levels to qualify or remain in the program. However, assemblers achieving a local content of at least 50 percent for cars and 55 percent for commercial vehicles and motorcycles will be awarded additional net foreign exchange earnings [NFEE] credits.

— The NFEE credits to be earned by assemblers will represent the actual value of exports of automotive-related products (FOB [freight on board] value) less imported inputs and shall be recorded without any bonus.

— Foreign exchange [forex] earnings will be awarded to assemblers who will promote joint venture operations for both motor vehicle assembly and parts manufacturing in recognition of technology transfer that will be developed from such joint ventures.

— The forex requirements for CDP I (People's Car) will be reduced to the same level as that of CVDP I (AUV [expansion unknown]) and CVDP II (LCV) and motorcycles in recognition of the fact that this is the People's Car Category.

— Foreign exchange and local contents prescribed by the MVDP will be phased out by the end of year 2000 based on the Agreement on Trade-Related Aspects of the Investments Measures under GATT.

Thailand

Thailand: Spanish Minister Comments on ASEM Meeting

BR0103130496 Madrid EFE in Spanish 1603 GMT 29 Feb 96

["Unattributed report: "Spain Thinks Europe-Asia Summit Should Follow Barcelona Model"]

[FBIS Translated Text] Bangkok, 29 Feb (EFE) — Spanish Foreign Minister Carlos Westendorp said today, Thursday [29 February], that the new relations between the EU and the countries of East Asia should follow the model set out in Barcelona between the EU and the southern Mediterranean countries.

Westendorp arrived in Bangkok to take part in the summit of heads of state and government between the EU and 10 Asian countries — Thailand, Brunei, Laos, Vietnam, Singapore, Malaysia, the Philippines, South Korea, China, and Japan. The summit provides an opportunity to lay the foundation for new economic and political relations.

In his opinion, the model set out at the European-Mediterranean Conference in Barcelona last November, which saw the institutionalization of a political dialogue and economic relations between the EU and the southern Mediterranean countries, should be followed in Bangkok to "plug the gap in relations."

It is not a question of drafting association agreements to establish a free-trade zone, as was the case with the Mediterranean, but of managing to lay the foundation for future agreements in the areas of trade, investments, and political dialogue.

For this reason, Spanish diplomatic sources stressed that the important thing in Bangkok will be the followup given to these issues, for example encouraging mutual investments, which could then be taken up at a multilateral level in the first ministerial meeting of the World Trade Organization (WTO), to be held in Singapore in December.

According to diplomatic sources, Spain's view is that the meeting in Bangkok will open up new vistas for exports and investments in those countries, which, according to the World Bank, will account for more than one-third of world economic growth by the year 2000.

Spanish exports to Southeast Asia have almost doubled in the last three years, although in terms of volume they are far behind exports from its Community partners.

Spanish exports to the 10 East Asian countries rose from 2.23 percent ($1.296 billion) of total Spanish foreign trade in 1991 to 4.32 percent in 1994 ($3.156 billion).

This increase has helped reduce Spain's trade deficit with that area, which during the same period fell from $6.303 billion to $3.465.

Westendorp also said that he will take advantage of the Bangkok meeting to maintain bilateral contacts — of a more political than economic nature — with his counterparts from South Korea, China, and the Philippines, countries with which Spain intends to forge "special bilateral relations," diplomatic sources explained.

Thailand: French Minister Says Not 'Too Late' To Raise Profile

BK2902044996 Bangkok BANGKOK POST in English 29 Feb 96 p 9

[Unattributed Report]

[FBIS Transcribed Text] France is not raising its profile in Asia too late because regional states are now enjoying more stable economic growth and want to "diversify" their relations, French Justice Minister Jacques Toubon said yesterday.

France in particular and Europe in general have a "more important place" in Asia than is generally known, he said. For decades considered a handicap, France's experience in Indochina is now becoming a "trump", he said.

Mr Toubon, who is considered number two in the French Government, had been asked whether France was arriving in Southeast Asia too late, at a time when the United States is already well established in the region.

French President Jacques Chirac today states France's new Asia policy in Singapore before heading here to attend the Asia-Europe Meeting.

Mr Toubon said he was the second minister to visit Thailand this year, after Margie Sudre, the minister of state in charge of Francophony. The visits form part of a renewal of relations under France's new Asia policy.

Mr Toubon was speaking at the end of a two-day visit during which he chaired what was the First Regional Symposium on Comparative Law, and held talks with Justice Minister Chaloem Yubamrung and Deputy Prime Minister Sombun Rahong.

Thailand and France have agreed in principle to negotiate an agreement for cooperation in judicial affairs, and a team of Thai experts is expected to go to Paris in May to start the talks, Mr Toubon said.

What is needed is a mechanism for cooperation in criminal law procedures. A major aim of the new agreement would be to bring about more effective cooperation in the suppression of sex tourism, notably child prostitution, he said.

Both Thailand and France already have stringent laws on these issues — respectively published in 1982 and 1994, he said.

Mr Toubon also raised the question of French convicts in Thailand and cited the 1993 Franco-Thai agreement which provides for French convicts to complete their terms in France after serving some years in Thailand

— four years for lighter sentences, and eight for more serious offences. THIS REPORT MAY

Thailand: 'Gist' of Banhan's Meeting With Japan's Hashimoto

BK0103110996 (Internet) Thai Ministry of Foreign Affairs Asia-Europe Meeting WWW in English 1 Mar 96

[Press Release issued by the Department of Information of the Thai Ministry of Foreign Affairs in Bangkok on 29 February: "Gist of Discussion Between Prime Minister of Thailand and Prime Minister of Japan"]

[FBIS Transcribed Text] This evening (29 Feb), Prime Minister Banhan Sinlapa-Acha of Thailand held a discussion with Mr. Ryutaro Hashimoto, Prime Minister of Japan. Gist of the discussion is as follows:

Prime Minister Banhan congratulated his Japanese counterpart on being elected Prime Minister of Japan. He also expressed appreciation to the Japanese Prime Minister for participating in the ASEM [Asia-Europe Meeting] Meeting despite his political function during the parliamentary session.

The Prime Minister of Japan thanked Mr. Banhan for the congratulatory message on his election as Prime Minister of Japan. Mr. Hashimoto expressed his deep condolence for the demise of HRH [Her Royal Highness] Princess Mother. The Japanese ambassador to Thailand had been instructed to lay a wreath on behalf of the Japanese government to pay respect to HRH. On the auspicious occasion that the Thai people celebrate HM [His Majesty] the King's 50th anniversary of his ascension to the throne, it is also a commemorative moment that Thailand has the honour to host the ASEM Meeting. The Japanese side would like to assure its close cooperation with Thailand to make the meeting a success.

The Thai Prime Minister took this opportunity to seek Japan's support for Thailand as a centre for technology transfer, human resources development and environment protection.

The Japanese side responded positively that Japan is willing to render its support for establishing research centres on environment in countries in this region. Mr. Hashimoto added that Japan made a serious mistake regarding pollution during the 1970s before it could rectify the situation by imposing strict controls on industrial sewage. Japan, therefore, hopes that other countries will learn from its past mistake.

The Japanese Prime Minister also expressed his support for cultural and youth exchanges which he views as important as cooperation on the economic aspects.

The Japanese Prime Minister extended his invitation to Mr. Banhan to visit Japan by the end of this year. The Thai Premier accepted the invitation with thanks.

Prime Minister Banhan also sought Japanese support for the establishment of the Asia-Europe Business Forum.

Thailand: Prime Minister, Singapore's Goh Hold Talks

BK0103101996 Singapore THE STRAITS TIMES in English 1 Mar 96 p 28

[Report by Lee Siew Hua]

[FBIS Transcribed Excerpt] Bangkok — Singapore Prime Minister Goh Chok Tong met his Thai counterpart, Mr. Banhan Sinlapa-acha, for a bilateral meeting yesterday hours after he arrived in Bangkok for the first Asia-Europe Meeting.

During the 30-minute meeting, Mr. Banhan thanked Mr. Goh for initiating the idea of building new link between Asia and Europe leading eventually to Thailand hosting the summit.

According to Thai Foreign Ministry spokesman Suraphon Chaiyanam, who briefed reporters after the bilateral talks at the Oriental Hotel, Mr. Goh said Singapore would give Thailand all the co-operation needed to make the meeting a success.

He also said Mr. Goh said he believed that contentious issues would not be brought up, even as all the heads of government present would have an equal chance to raise any topic they chose to.

In brief remarks to reporters before the bilateral, a highly positive Mr. Goh had expressed confidence that the summit would be a success.

He said: "It will start something big between Europe and Asia.

"It will launch many ideas and these ideas will, I believe, be accepted and implemented and thereby cement an enduring relationship between Europe and Asia."

He said he would focus an building "enduring political and economic ties between the two continents".

Despite the fact that both Asia and Europe were very old civilisations, there had been no institutionalised contact between them in history, he noted.

He also said Mr. Banhan would play a "very decisive role" in the outcome of the meeting.

Mr. Goh is scheduled to have bilateral meetings with Chinese premier Li Peng, today.

Tomorrow, he will have separate bilateral talks with German Chancellor Helmut Kohl and Malaysian Prime Minister Datuk Sri Dr. Mahathir Mohamed. [passage omitted on other leaders' meetings]

Thai Police Official Denies Use of Violence Against Protesters

BK0103122596 Bangkok Cho So 100 Radio in Thai 1100 GMT 1 Mar 96

[FBIS Translated Text] Police General Sophon Waratchanon, the metropolitan police commissioner, has denied a report that police resorted to violence to disperse groups rallying simultaneously with the Asia-Europe Meeting in Bangkok. The officer said the report was groundless and cooked up by people with ill intentions. The police believe most of the demonstrators are from upcountry and were misled into joining the rallies without having genuine feelings regarding certain demands on various problems.

The police commissioner expressed the belief that the rallies will disperse on their own after the end of the Asia-Europe Meeting. He stressed that the police are in control of the situation and there has been no violence, despite what was reported. The rallies so far have not posed any problem for the meeting or disrupted the traffic flow.

Thai Police Step Up Vigilance at Border Posts During Summit

BK2702080896 Bangkok THAILAND TIMES in English 27 Feb 96 p A1

[Unattributed Report]

[FBIS Transcribed Text] Bangkok — Police have stepped up vigilance in border posts in 26 provinces, acting on fears that international terrorists might try to enter the country and disrupt this week's Asia-Europe Meeting [ASEM], said Interior Permanent Secretary Ari Wong-araya yesterday.

"Anyone looking or acting suspiciously will immediately be arrested so their background can be checked out, or they may be handed over to the special branch or the security unit," said Ari.

It is feared that terrorists from around the globe will come, to cause trouble at ASEM on Friday and Saturday .

Members of the Japanese doomsday cult Aum Shinri Kyo were arrested last week in Bangkok, charged with conspiracy to disrupt the summit.

The Interior Ministry has also set up a special task force to counter terrorism and to prevent any major terrorist incidents.

Anyone who has a grievance against the monumental meeting should act afterwards, said Ari, who asked people to refrain from creating any strife or staging demonstrations during the summit.

About 8,000 police are ready to provide security at ASEM, which will be attended by 22 Asian and European national leaders.

Ari confirmed, however, that the police would not be using heavy-handed tactics to quash protests during the meeting.

Police Chief Phot Bunyachinda would not discuss whether the police know the names of around 1,000 international terrorists, saying it was the business of the foreign countries.

He added, though, that the police had been working closely with the National Intelligence Agency (NIA) on the issue.

Referring to reports that North Korean terrorists had been seen in Thailand, Phot said he had not yet been informed by the NIA.

Thai Police Keeping Watch on Persona Non Grata Foreigners

BK2802083096 Bangkok THE NATION in English 28 Feb 96 p A3

[Unattributed report]

[FBIS Transcribed Text] The Immigration Police Bureau is keeping a close watch on eight foreigners blacklisted by the South Korean Embassy.

Immigration Police Commissioner Kriangsak Praphawat said the request by the embassy was over fears of a plot to carry out terrorist acts during the Asia-Europe Meeting (ASEM).

Pol [Police] Lt. Gen. Kriangsak said four of the eight were believed to have entered the country already.

He said only South Korea and Japan had so far sought cooperation from his office to step up security for leaders scheduled to attend the upcoming meeting.

Police have posted the pictures of 39 people declared persona non grata at Don Muang airport, including six from Japan, 11 from Portugal, three from Indonesia and one from Malaysia.

The commissioner said that a lack of an efficient computer network to check background information on people entering the country has delayed the police's screening process at the airport.

He said he had asked for an additional 111 officers to be posted at the airport and would request more. Immigration police were ordered not to take leave during ASEM, he said.

The Special Branch Police played video tapes showing terrorist acts to those responsible for security during ASEM.

The meeting, chaired by Deputy Police Director General Pol Gen Chumphon Attasat, pointed out the flaws when providing security and explained how to effectively overcome potential problems.

Security would also be tightened at hotels and the ASEM venue, with police bomb squads being sent to check the buildings before anyone would be allowed to enter. Vehicles without permits to enter these venues would not be allowed in, he said.

Lt Gen Winit Krachangson, the First Army commander, said yesterday security was being stepped up along the border to prevent any acts of terrorism. He said reinforcements were ready in case of an emergency.

Interior Permanent Secretary Ari Wong-araya yesterday asked non- governmental organizations not to stage meetings during ASEM to avoid any tension.

He said the ministry would also ask hotel owners not to cooperate with those organizations. He said any meetings would be welcomed after the summit was over.

Thai Daily Comments on Upcoming Asia-Europe Meeting

BK2902085996 Bangkok THAILAND TIMES in English 29 Feb 96 p A4

[Editorial: "An Event of Historical Significance"]

[FBIS Transcribed Text] Even if no dramatic conclusion is expected from this first meeting of its kind, the fact that representatives of 25 nations in Asia and Europe come together to air their views in a meeting should be registered as a good start for things of positive consequences to come forth subsequently .

It will be easily recognized that relations between Asia and Europe have existed since time immemorial. Indeed, the two cultures have been integrated in certain aspects. Chinaware originated in China. Modern Western technology made its way through to Asia and was instrumental in bringing about changes in various aspects of the continent's societies.

Today, we can observe in Asia many traces of European or Western culture, while in the West, here and there one will also be able to trace the Asian origin of parts of the culture.

But of more significance today is the present relationship between the two continents in terms of trade, investment, cultural exchanges etc. Hitherto, relations between the Asian and European nations were carried out in bilateral agreements or even multilateral agreements but never in a big congregation of nations of the two continents.

The first meeting of Asia and Europe will serve to test the water. This "maiden voyage" of the Asia-Europe cooperation scheme can thus be seen to be a worthwhile attempt which will hopefully be of mutual benefit for the two regions. It should be given due recognition for its far-reaching significance. It is regrettable that one nation in particular has failed to see this.

It is conceivable that the meeting will focus on confidence-building, fostering an amicable relationship and probing the possibility of cooperation in areas where it is possible. To be sure, one would not expect this first meeting to come up with anything too dramatic. The achievement in concrete terms can at best be modest.

But the meeting is to serve as a good start for a more solid agenda in the future. The aim is then to guide the countries of Asia and Europe towards a position where some kinds of agreement can be reached at the next meeting in Indonesia.

Among the topics to be probed will be reform of the UN, nuclear weapons, trade and investment, technology cooperation, drug trafficking, and human resources development.

There are three points to which the parties concerned must address themselves. First, it must be recognized that many of the countries participating in the meeting are signatories to many other cooperation agreements, for example APEC [Asia-Pacific Economic Cooperation] and ASEAN. The United States, Canada, Australia and New Zealand are members of APEC but they are not part of ASEM [Asia- Europe Meeting]. There is a possibility that whatever agreements are made in ASEM, either in the meeting or in the future, may conflict with agreements made in APEC.

At the same time, ASEAN, which consists of seven nations, may well have their own agenda which differs from those of the other Asian nations present, such as China and Japan. How to streamline the various binding agreements which may be in conflict is something to think about for the participating nations.

Second, certain Asian nations have developed special relations with European nations. The former colonies still retain a fairly close relationship with the former colonial powers. In this regard, it is expected that some countries will have a more cordial relationship with certain European nations than others due to their unique history. Thus, prior bilateral or trilateral agreements made prior to the forming of Asia-Europe cooperation conceivably to be set up in the future will have to be taken into account.

Third, there is also the question of whether the relationship between the Asian group of nations and the European counterpart will be as two blocs or as individual countries able to forge ahead with their own agendas, or will it be decided case by case? This is another point which the participants of ASEM will have to spell out.

All in all, it seems clear that the first ASEM is likely to focus on confidence and friendship-building. More significant and concrete agreements will very likely be postponed until the second meeting in Indonesia. The meeting this week will, however you look at it, be one of enormous significance and one which will have far-reaching implications for the two continents in the years ahead.

Thai Editorial Views Government's Handling of ASEM

BK0103062696 Bangkok BANGKOK POST in English 1 Mar 96 p 4

[Editorial: "Leadership Means More Than Hosting Meetings"]

[FBIS Transcribed Text] The radio ads talk of Thailand's tradition as a leader in world affairs. They refer to Thailand hosting the summit meeting that launched ASEAN, and they link that to the first Asia-Europe summit that begins today.

The truth is slightly different. Thailand's leadership in world affairs tends to concentrate on hosting meetings, not on initiating those meetings or on driving the content. The real leadership behind the Asia-Europe summit lies elsewhere. France and Singapore could probably stake the major claim.

Perhaps we should be charitable and allow the Government's public relations workers their poetic licence. Perhaps. But if Thailand really wants to be a world leader, then it should concentrate a bit more on truthfulness, openness and substance. If Thailand were a world leader, it would have a world view — its own world view.

Instead, the emphasis is on form. Even such an eminent opposition leader as former prime minister Chatchai Chunhawan was driven to suggest that political bickering should disappear temporarily from Bangkok along with the masses who have been awarded an ad hoc holiday this weekend.

Foreign diplomats in Bangkok follow every twist of Thai politics more closely than locals. Gen Chatchai cannot seriously believe that those diplomats have not been briefing their visiting leaders.

What could Thailand do if it really wanted to assert itself? For a start, it would have to have a much clearer picture of its own international interests, and of the strategies that would best serve those interests.

It would have a clearer view of how the United Nations might contribute more towards keeping the peace around the world, and place less emphasis on the prestige of chairing the General Assembly or sharing a seat on the Security Council. It would take a firmer stand on ensuring that countries around the world respect the World Trade Organisation in order to keep the peace in economics.

But above all, it would have its own independent position on questions such as human rights. It would not unthinkingly follow the alleged "Asian" line which allows autocrats and dictators to abuse political and civil freedoms in the name of "Asian" values that are supposed to be different from those cherished elsewhere in the world.

That is not to say that Prime Minister Banhan Sinlapa-acha should start quarreling with his Asian counterparts. But it does suggest a fundamental weakness in the way the Asia-Europe summit is being handled. This is a meeting of two sides, a dialogue between two regions, underscored by the fact that the "Europeans" are exclusively members of the European Union. And because there are two sides, members of each side are being moulded into common positions, sometimes artificially. Without common stances, each country would be free to state its own line without being accused of breaking ranks with its neighbours.

There could, for example, be a more serious debate on how social issues might or might not be handled in the WTO, without the Europeans (or Asians) having to pretend that their "side" has a common view. That should be possible in a supposedly informal gathering of mature "equal partners" such as the Asia-Europe meeting even if ultimately the EU has to negotiate the so-called social clauses as a single voice in the WTO.

Similarly, when the leaders discuss nuclear arms, both Asians and Europeans should feel able to tell the French and Chinese that they are unhappy with recent testing.

And Mr Banhan should feel free to assert Thailand's own belief in democracy and freedom of expression without fearing the wrath of other Asian leaders and, above all, without fearing that to do so would sound "non-Asian". That assertion should include an expression of Thai confidence in handling dissenting views — not the pussy-cat comments of the opposition in Parliament, but the more serious and legitimate debate of the non-government organisations.

Mr Banhan's government does not have to agree with the NGOs, but it should assert that the "Thai way" these days is to allow opinions such as those of the NGOs to be expressed without treating the speakers as potential terrorists.

Overall, asserting a well-thought out Thai position would be the most effective way of demonstrating Thai leadership. Instead, Thailand's position has tended to follow the Asian herd. And, in fact, the Government is less liberal in its view of freedoms than the Thai public. Worse, in the way that it has treated visiting NGOs, the Thai Government has shown itself not to be such a good host after all.

Thai Editorial Previews 'Achievement' From ASEM

BK0103084896 Bangkok BUSINESS DAY in English 1 Mar 96 p 4

[Editorial: "ASEM Should Take Concrete Steps Towards Free Trade"]

[FBIS Transcribed Text] There is something wonderfully and quintessentially Thai about the Cabinet declaring a two-day public holiday ostensibly so that the dignitaries attending the Asia-Europe Meeting (ASEM) wont get tied up in the Gordian knot of Bangkok traffic. We suspect, however, that traffic tie-ups have only a tangential connection with the real motive for declaring the national holidays. Aside from the courtesy and consideration extended to the conferees, the real motive is self-evident to us: holidays are a lot more fun than work.

It would be icing on the cake if ASEM came up with tangible results, although we are not holding our breath over this. It is better to have low expectations and be pleasantly surprised.

There are many obstacles to overcome along the road towards free trade with the European Union (EU).

For example, it is a foregone conclusion that the EU will continue to act for all practical purposes as a trading block with formidable anti-competitive and protectionist measures.

Asian nations, on the other hand, do not yet have the advantage of acting in unison as a trading block, leaving each country to fend for itself and in many instances to fight among themselves for a share of the EU market.

But it would be a mistake for the EU to overplay the self-serving protectionist card. Protectionism comes at a price and often hides behind internal economic inefficiencies. Furthermore, it is an invitation for other countries to take strong counter-measures.

Investments rather than trade will be the most important element in the future economic relationship between the developing economies of Asia and the major European economies.

Europe's investment in Asia has a lot of catching up to do, and since no other continents offer better investment opportunities than Asia, the EU will have to be much more forthcoming and accommodating in its international financial dealings with our part of the world. This means, among other things, that trade and investment must go hand-in-hand, and that concessions and compromises are needed to make both investments and trading a mutually beneficial two-way process.

It has been suggested that an organization similar to the Asia Pacific Economic Co-operation (APEC) be set up between Asian countries and the EU. It would indeed be a big step in the right direction if the meeting were to arrive at an agreement in principle on this issue. And if by some stroke of good fortune a further agreement can be reached on an action agenda to take the first few steps towards free trade objectives, then the conferees can truly claim to have put their time in Bangkok to productive use.

So come Monday when the Bangkok gridlock resumes for the rest of us, we would at least be heartened by the achievements of ASEM and by a vision of a better future for all.

Thai Editorial Views Issues for Discussion at ASEM

BK0103131596 Bangkok THAILAND TIMES in English 1 Mar 96 p A4

[Editorial: "Low Wages Attracts Investment and Exploitations"]

[FBIS Transcribed Text] The Asia-Europe Heads of State and governments meeting beginning today at The Queen Sirikit National Convention Center is not the end of the road for the participating nations. On the contrary, an uphill task with several controversial minefield and difficult decisions are lying ahead.

Asian Nations will use the ASEM as a focal point to further enhance traditional relations with the European nations, by multilateral means and also take the opportunity to hold inter-bilateral meetings with several European nations.

The ASEAN-Seven fully supports ASEM for it will provide a platform to discuss important trade matters as well as to upgrade commercial linkages.

What is more significant is the seven-member Association of South East Asian Nations (ASEAN) countries with China, Japan and South Korea come together to present a common Asian base to the leaders of the European Union.

The two-day three-session meeting lasting a total of 6 hours and 15 minutes, leaving only 15 minutes per leader. Thailand along with other Asian leaders, are not keen to squander the little time on confrontations and unproductive rhetoric but to focus attention on personal contacts, between talks, linkages with the participating countries and bridging the trade gap between the two continents.

Understandably, the aim of leaders from the two continents will be to put the final touches to all the preparations made by senior officials meeting at Phuket, Chiang Rai, and Rome, culminating with the final Senior Officials Meeting yesterday. Of course, all these useful discourses would ultimately lead to the building of new bridges.

Some of the areas that will need an exchange of views would be those pertaining to trade barriers, labeling of nations, and conditions attached to trade may be discussed to enable a clearer path for better ties and to reaffirm existing relations.

In building these new bridges, European leaders, have backed down on earlier rhetoric and refrained from bringing up issues considered sensitive and provoke confrontations.

The thrust therefore by both the EU and Asian leaders is to provide the most positive and possibly highest platform for greater linkages between Asia and Europe in the area of economic development and technological cooperation.

The meeting of leaders at informal gatherings as anticipated will be without any confrontation not even teasing each other. It is not known, and highly unlikely that one would whisper in the other's ear when encountered to tell how he feels about what the other is doing to his people in his own country.

Host Thailand has taken great pain to make everything special. The tightest security the Kingdom has seen for any summit meeting in living memory. Every endeavor has been taken to keep the international and local media far away from both officials and the leaders unless prior approval.

The general atmosphere is so created where leaders opposed to each other will be able to conduct themselves in the greater interest of exchanging views on how to bridge the gaps leading to more closer cooperation in the economic, development and investment areas, than be bothered with human rights, child labor and low wages.

Seemingly, the idea of building structures and linkages between the private sectors of the two regions takes priority over all the hollow rhetoric made before leaving European capitals. The established values like human rights and child-labor exploitation of workers in Asia takes the back seat. Economic considerations appears to have become the driving force behind the Asia-Europe Summit.

What appears to be true is that the heads of State and governments of the two continents will explore, and each will pave the way with structural regulations and deregulations in their respective countries for their private sector to invest and profit by exploiting the poor worker by taking advantage of the low wages maintained in the Asian region. Thus, the eventual goal of all participating countries will be to milk the Asian worker.

Free market theory is certainly doing great things to many countries in many regions. The belief that the market will take care of all other social implications and demands by itself has yet to show tangible results in many rural areas in Asia.

Nevertheless, people of Asia have put their shoulders wholeheartedly to the efforts made by their governments to provide the legal structures for the private sector to become the engine of growth in the region.

Thus, for development and growth, leaders from the two continents, more especially from Asia must be conscious of their own peoples' concern for peace progress and prosperity. It could be a catastrophe if growth and wealth generated from the sweat, blood and toil of the poor Asian people is squandered on armaments and an illusionary enemy.

Thailand: German, British Firms Sign Contracts

BK0103075996 Bangkok THE NATION in English 1 Mar 96 p B1

[Report by Wichit Chaitrong and Surachai Chupaka]

[FBIS Transcribed Text] German Chancellor Helmut Kohl, who presided over a signing ceremony yesterday for the sale of a power plant to a Thai firm by Siemens, said he was surprised by the East Asian economic boom as witnessed in Bangkok.

He expressed confidence that German firms will play a bigger role in power and other utilities sectors in this region where Japanese firms have taken the dominant role.

Siemens signed a US$130-million contract yesterday to build a 160 megawatt gas-fired power station at Thailand's Bang Prakong Industrial Estate. Around 80 megawatts of the power will be sold to the Electricity Generating Authority of Thailand and the rest to Bang Prakong factories.

The power plant is scheduled to commence operations in March 1997, Link Harald, managing director of Amata Power Co, said.

Thongchat Hongladarom, representing Amata's shareholders, said the firm will invest in a 150-megawatt Rayong plant for Thai Asahi Glass and factories in the Amata City industrial park. The third and fourth projects will be in Vietnam.

Amata, whose shareholders include Charoen Phokkhaphan Group, with a 10 per cent stake; PetroAsia, with 20 per cent; and B Grimme, with 40 per cent, is also negotiating with Burma to set up a power plant there.

Meanwhile, British Prime Minister John Major and Prime Minister Banhan Sinlapa-acha were present at another signing ceremony in which Thai Special Steel Plc (TSSI) awarded a Bt [baht] 17 billion purchasing contract to UK-based Trafalgar's engineering division Davy International for sophisticated machinery and the construction of the first integrated iron and steel plant in Thailand.

TSSI president Prachai Liaophairat said that according to the contract Davy International will also provide technical knowledge to the company.

TSSI is 46 per cent owned by Thai Petrochemical Industry Plc, 25 per cent by Siam Steel Pipes Co Ltd and Bangkok Fastening Corp each while the rest is held by small shareholders.

Thailand: Accord With Malaysia Resolves Gas Delivery Issue

BK0103132196 Bangkok BANGKOK POST in English 1 Mar 96 p 21

[Report by Bunsung Kositchothana]

[FBIS Transcribed Text] The Thai and Malaysian state oil companies have struck a basic agreement to deliver natural gas from the Malaysian-Thai continental shelves to Thailand.

The Petroleum Authority of Thailand and Malaysia's Petronas are due to sign a memorandum of intent in Bangkok on Tuesday for an accord on the supply of gas from the socalled Joint Development Area (JDA).

Industry sources in Bangkok said yesterday that the agreement comes into place at a time when the JDA is showing stronger potential as a gas producer, as shown by a recent successful drilling campaign.

Details of the memorandum were not disclosed, but essentially it envisages not only the sales of natural gas from the area to PTT, but the development of the JDA gas field.

The memorandum provides a basis for negotiating a formal agreement that will be carried out in the future as gas reserves in the JDA become more firmly established.

Some members of the parties concerned believe the reserves are substantial enough to ensure delivery of as much as 1,000 million cubic feet per day (MMcfd), a rate equivalent to the output of all gas fields in the Gulf of Thailand. Gulf gas generates some 35% of all Thai electricity.

Senior PTT officials said the JDA gas will augment PTT's natural gas to meet fast-growing fuel demand for power generation in Thailand.

So far, an effort to prove gas reserves on the JDA in the South China Sea has produced promising results from three exploratory wells.

Exploratory well Muda-1 became the third significant gas discovery in the 7,250-square kilometre JDA tract, where exploration began in earnest early in 1995.

Muda-1, about 290 kilometres east of Thailand's Songkhla province and 200 kilometres northeast of Malaysia's Kota Bharu, tested natural gas at the combined flow rate of about 70 MMcfd, plus 726 barrels per day of light condensate.

The well, spudded on September 3, reached a total depth of 7,620 feet and encountered more than 330 feet of gas-bearing sands.

The discovery has not only lived up to expectations about the gas potential but further strengthened the possibility of commercial development of sizable gas fields in the JDA.

Two exploratory wells drilled earlier in the year in the JDA also yielded promising results. Suriya-1, sunk to 6,273 feet, tested a gas flow rate of about 58 MMcfd, plus 351 barrels per day of light condensate.

The first discovery well, Cakerawala-lA, about 180 kilometres southeast of Pattani, gauged gas at the combined flow rate of 58 MMcfd plus condensate and oil yield of about 946 barrels.

The three discovery wells were part of a series of seven exploration wells drilled in 1995 by US-based Triton Energy, Malaysia's Petronas Carigali and Thailand's PTT Exploration & Production. At more than $43 million, it was one of the largest gas-prospecting programmes in Southeast Asia.

So far, Thailand and Malaysia have been upbeat about a possible gas bonanza in the JDA which could serve as an important of energy supply to Thailand.

PTT Governor Phala Sukhawet has said that the triangular tract could contain more than five trillion cubic feet of gas. Mohamed Nazri Aziz, deputy minister in the Malaysian Prime Minister's Department, has suggested a range of three to seven trillion cubic feet.

One of the options is to lay a pipeline from the JDA to tie in with the Total-operated Bongkot gas field in the southern Gulf of Thailand to form an on/offshore Thai gas grid for PTT.

Thailand: Philippine President Encourages Investment

BK0103102296 Bangkok THE NATION in English 1 Mar 96 p B1

[Report by Phitchaya Changson]

[FBIS Transcribed Text] Philippine President Fidel Ramos yesterday encouraged Thailand to overtake the United States as his country's largest foreign investor.

After presiding at a contract-signing ceremony for Siam Pulp and Paper's new kraft paper factory in the Philippines, Ramos said Thai investment has increased dramatically from just 20.4 million pesos in 1991 to 9.7 billion in 1995, making Thailand the second largest foreign investor after the United States.

"Try number one. This is the only area you can beat the United States," Ramos said tongue-in-cheek at a luncheon hosted by the Thai House committee on foreign affairs and joint standing committee on commerce, industry and banking. Ramos and other heads of state will attend the March 1-2 Asia-Europe summit in Bangkok.

Thai companies behind the recent sharp growth in direct investment are Thai Petrochemical Industry, Thai ABS and Chinnawat International. Other Thai firms operating in the Philippines include Italian-Thai Development, Mariwasa Manufacturing, Siam Cement [SCC], Michelin-Siam Filipinas, London Biscuit, A&L and Klara Mining Corp.

Bilateral trade has flourished, with Thailand developing into the eighth largest market for products from the Philippines, up from 13th place in 1994. In 1995, Philippine exports to Thailand grew 120 percent over 1994, reaching US$799 million.

Thailand is now the 14th largest exporter to the Philippines, up from 20th in 1994. In the first 11 months of 1995, imports from Thailand rose 101 percent to $360 million on the back of temporary demand for rice and corn. Ramos urged Thai businessmen to venture further into manufacturing, metal work, foundry, machinery subcontracting food processing, infrastructure and development of air and sea links.

"Seize the opportunities available from our deregulation of telecommunications, banking, shipping, insurance, trading and privatization of components of state enterprises or government-owned corporations," he said. Study how you can apply your tourism expertise to our industry, which is just beginning to take off and help us to develop the tourist trade into the kind of foreign-exchange earner it is in Thailand."

Ramos also said the two countries can further develop human resource partnerships for software development, business management and professional consulting.

Apart from special economic zones such as Subic, Clark and Mactan-Cebu, the Philippines maintains 40 locations under economic zone authority law which offers generous incentives.

Meanwhile, Chaisak Saengchuto, senior vice president of Siam Cement, told Industry Minister Chaiwat Sinsuwong that projects by Siam Cement for floor tile, automobile tyres and sanitary ware had not received incentives.

Siam Cement Group, which yesterday signed a joint venture agreement with a Philippine company, Phinma Group, to invest in a fourth project for kraft paper production, plans to invest in cement or gypsum board manufacturing in the future.

The contract signed yesterday was for Siam Pulp and Paper, a unit of SCC, to take 34 percent of Phimna's United Pulp and Paper Co [UPPC]. UPPC, one of two major paper makers in the Philippines, will increase its paid-up capital from 400 million pesos to 1.2 billion pesos. Phinma will retain a 34 percent stake.

With increased capital, UPPC will invest Bt [baht] 3 billion in a new plant with annual kraft paper production capacity of 150,000 tonnes. When it commences operation in 1998, total capacity will rise to 185,000 tonnes per year.

But Chaisak said with Philippine demand of 500,000 tonnes compared to total capacity of 300,000 tonnes, the expansion is insufficient.

In Thailand, Siam Pulp is in the process of expanding kraft paper production from 260,000 tonnes to 780,000 tonnes per year.

Winit Ongneknun, who previously worked at SCC's Thai Containers, was appointed UPPC's executive vice president.

Thailand: NTP's Amnuai Says Foreign Minister To Remain in Cabinet

BK0103114296 Bangkok THAILAND TIMES in English 1 Mar 96 p A2

[Unattributed report]

[FBIS Transcribed Text] Bangkok — Foreign Minister Kasemsamoson Kasemsi definitely will not be removed from the Cabinet, Nam Thai Party [NTP] leader Amnuai Wirawan said yesterday.

Amnuai made the statement after receiving the Asian and European NGO [nongovernmental organization] proposals at the Government House yesterday. The NGO forum was held at the Asia Hotel on February 27-29.

Amnuai's announcement was made in a bid to settle the issue after some party members' series of attempts to remove Kasemsamoson from his post.

The foreign minister is an NTP member who was not elected in the last general elections. Kasemsamoson's opponents claimed he failed to carry out his job and is slow in decision-making especially on the case of the Thai crewmen who were killed by the Malaysian navy.

Nevertheless, the party leader insisted that all NTP members who attended the party meeting last Wednesday gave their support to Kasemsamoson, saying that they appreciate his performance as foreign minister.

"Kasemsamoson has carried out his work well and played an important role at the international level," Amnuai said.

"Both the ASEAN summit and ASEM [Asia-Europe Meeting], for instance, have been accomplished because of his capacity as foreign minister," Amnuai said.

With regard to Kasemsamoson's resignation, Amnuai said, "Kasemsamoson has handed his undated resignation to me on his first day as foreign minister." However, Amnuai added that it has been his party's tradition that all party members who are assuming cabinet positions must hand in their signed resignation to him and the party before starting their jobs.

Confronted by reporters about Kasemsamoson's plan to leave his job after the Asia-Europe summit is over, NTP spokesman Adison Phiangket denied the report, stressing that it was only news.

"For me, it does not matter who occupies the post, as long as they put the right man on the right job," he said.

"It is up to Prime Minister Banhan Sinlapa-acha to decide whether to include the (foreign) minister in the big Cabinet reshuffle or not," Adison said.

Vietnam

SRV: Vo Van Kiet, Belgian Prime Minister Hold Talks

BK2802162296 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 28 Feb 96

[FBIS Translated Text] As we announced previously, after the official welcoming ceremony at the Presidential Palace on the morning of 28 February, a government delegation led by Prime Minister Vo Van Kiet held a meeting with the delegation of the Kingdom of Belgium led by His Excellency Prime Minister Jean-Luc Dehaene.

Attending the meeting on the Vietnamese side were: Foreign Minister Nguyen Manh Cam; Industry Minister Dang Vu Chu; Foreign Deputy Minister Nguyen Dy Nien; Vo Hong Phuc, deputy minister for planning and investment; La Ngoc Khue, deputy minister for transportation and communications; and many high-ranking officials from the government office and ministries and sectors concerned. On the Belgian side were: Foreign Affairs Minister Eric Derycke; (?Blory Lang), Belgian ambassador to Vietnam; and other delegation members.

Prime Minister Vo Van Kiet heartily welcomed Prime Minister Jean-Luc Dehaene on his first visit to Vietnam, stressing that the visit of the Belgian prime minister marks a new and important landmark in the development of the existing relations between the two countries. The two prime ministers informed each other of the situation and policies in each country and exchanged views on the friendly and cooperative relations between the two countries and on a number of regional and international issues of mutual concern. The two prime ministers expressed satisfaction over the positive development of all economic, political, and cultural aspects of Vietnamese-Belgian relations in the recent past.

Prime Minister Vo Van Kiet welcomed the good will of the Belgian Government in expanding and strengthening economic and trade cooperation relations, encouraging Belgian businessmen to invest in Vietnam and to help Vietnam in personnel training in the areas of science and technology, health, law, oil and gas, etc. The prime minister affirmed that Belgium is an important partner of Vietnam in the EU and expressed the wish that Belgium would participate further in Vietnam's industrialization and modernization plan. He suggested that the two sides maintain regular political contacts between the high-level leaders of the two countries in order to boost bilateral cooperative relations. Prime Minister Vo Van Kiet thanked the Belgian Government and people for their valuable assistance to Vietnam in the past and present.

Prime Minister Jean-Luc Dehaene expressed delight over his first visit to Vietnam, thanked the Vietnamese Government and people for the solemn reception given to him, his wife, and his entourage. He valued highly Vietnam's achievements in the renovation process and in external relations, and he welcomed Vietnam's admittance to ASEAN, the signing of a framework agreement with the EU, and Vietnam's integration into regional and international communities. The prime minister trusted that, while reaping new successes from the renovation process, Vietnam will quickly become a prosperous country and will contribute positively to the development of the trend of peace, stability, cooperation, and development in the region and the world.

Prime Minister Jean-Luc Dehaene stressed that the Belgian Government highly values and wishes to strengthen bilateral relations with Vietnam. He announced that Belgium will give Vietnam development aid equal to 450 million Belgian francs during the 1996-98 period and will continue to give Vietnam more preferential loans. In the meantime, Belgium will continue its assistance in rural development projects and in assistance to women. The prime minister wished that the two sides would further strengthen cooperation in the construction of the Dinh Vu Industry Zone, Cai Met Port, the power plant in the Amata Industry Zone, aircraft maintenance, the railway industry, etc. The prime minister affirmed that Belgium will continue to assist Vietnam in strengthening its relations with international financial and monetary organizations such as the World Bank, the International Monetary Fund, European Investment Bank, World Trade Organization, and other regional organizations such as the EU and ASEAN. He welcomed the establishment of a structure that regulates bilateral cooperative relations and contributes to effective implementation of agreements and projects signed by both sides.

Together with cooperation at the government level, the two prime ministers agreed that the two sides need to strengthen cooperation in culture, science, and technology and in training at the regional and local levels. Prime Minister Vo Van Kiet reported with delight the decision of the sixth high-level conference of French speaking countries to select Vietnam as the host for the seventh conference in Hanoi. He pointed out that it is an honor as well as a heavy responsibility, and he wished to receive practical help from the Belgian Government for the success of the conference. Prime Minister Jean-Luc Dahaene affirmed that the Belgian Government will make a positive contribution to the success of the conference.

The meeting between the two delegations took place in an atmosphere of friendship, trust, and mutual understanding. The two prime minister had a private meeting at the Presidential Palace before the meeting.

After the meeting, Foreign Minister Nguyen Manh Cam and Foreign Minister Eric Derycke, on behalf of the two governments, signed an agreement on avoidance of double taxation and the control of tax evasion. Nguyen Cong Tan, minister for agriculture and rural development, signed an agreement with the Belgian foreign minister on Belgian assistance in dairy cattle breeding in south Vietnam and around Hanoi. The two prime ministers witnessed the signing.

SRV: Vo Van Kiet Praises Relations With Belgium

BK2902063996 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 28 Feb 96

[Report by an unidentified correspondent; portions recorded]

[FBIS Translated Text] Dear friends, Prime Minister Vo Van Kiet and his wife hosted a banquet in honor of visiting Belgian Prime Minister Jean-Luc Dehaene and the distinguished Belgian guests at the Government Guest House in Hanoi on the evening of 28 February. Representing Vietnam at the function were ministers, deputy ministers, and many high-ranking government officials.

In his speech at the banquet, Prime Minister Vo Van Kiet said:

[Begin Vo Van Kiet recording] Once again, I would like to warmly welcome His Excellency the Belgian Prime Minister, and his wife, and the distinguished Belgian guests who are on an official friendship visit to Vietnam. The visit brings with it the friendly sentiment of the Belgian people to the Vietnamese people. I am very pleased to have the chance to welcome the Belgian Prime Minister, the renowned statesman in politics in the Kingdom of Belgium and the European Union. This is the first official friendship visit to Vietnam by the Belgian Prime Minister since we established diplomatic relations between our two countries. Your Excellency's visit marks a new development in the relations of friendship and cooperation between our two nations.

This visit is of great significance because it coincides with the end of the successful implementation of our 1991-95 five-year socioeconomic development plan. The Vietnamese people are now concentrating their efforts on the next 1996-2000 five-year socioeconomic development program. We are striving to accelerate our national industrialization and modernization plans so we can surge forward and gain an appropriate position in the Southeast Asian community and other regions of the world. In moving forward, we will undoubtedly encounter various difficulties and ordeals, yet it has been proven that our renovation undertaking is correct and suits with conditions in Vietnam. As a result, we will continue to persistently carry out this undertaking in a vigorous, comprehensive, and profound fashion.

On this occasion, I would like to say that I still remember the very good moments experienced during my visit to the Kingdom of Belgium more than two years ago, especially our meetings in the beautiful capital of Brussels. I would like also to mention here that during the visit to Belgium by Deputy Prime Minister Tran Duc Luong a few weeks ago, our two countries reached various new and significant agreements. Particularly, I am very pleased to note that our agreements are being satisfactorily implemented. The ties of friendship and cooperation between our two nations have recorded concrete progress and have encouraged achievements, thereby opening up potential to enhance bilateral cooperation for mutual interests in various domains in the future.

We warmly welcome and highly praise the support and valuable assistance extended by Your Excellency and the Belgian Government to the Vietnamese nation and people in their national reconstruction. On this occasion, I would like to assert that the Vietnamese Government will always honor and hope for the development of the long-lasting multifaceted cooperation with Belgium, the important partner of Vietnam in the European Union. Indeed, the Belgian business circle is now acquainted with Vietnamese markets, and future opportunities shall be widely opened for Belgian businessmen and goods to compete in Vietnam. I am confident that with Your Excellency meeting top leaders of our nation, and our delegations holding comprehensive talks, a new stage in relations of friendship and cooperation between Vietnam and Belgium will open up. Development in our bilateral cooperation will positively contribute to strengthening relations between Asia and Europe in general and between ASEAN and the European Union in particular. [end recording]

In his speech, Belgian Prime Minister Jean-Luc Dehaene expressed his thanks for the warm welcome and hospitality extended to him and his delegation by the Vietnamese Government and people. He said that this is the manifestation of the traditional hospitality and gallantry of the Vietnamese nation. The Belgian Prime Minister said:

[Begin Jean-Luc Dehaene recording in French fading into Vietnamese translation] Geographically, we are far apart, yet we feel close to each other because despite differences in culture, we share the common desire to contribute to building a just, equitable, and united world society with mutual respect and trust. Your Excellency the Prime Minister of Vietnam, I would like to say that I highly praise the achievements recorded by your government in the renovation undertaking over the past 10 years, which is aimed at building a modern and prosperous Vietnamese society. The new, positive foreign policy of Vietnam has effected marvelous development in the economic activities and improvement in the Vietnamese people's daily life. I am confident that the Vietnamese people — the young and laborious people — will have a bright and beautiful future, a future that will help them to improve their living conditions and accelerate the development of various values to strengthen their traditional culture. The past year has seen numerous significant events that have helped strengthen Vietnam's international role in the region and the world. The normalization of relations with the United States and full membership to ASEAN will help Vietnam to contribute comprehensively to the community activities of this region, one of the most dynamic developing regions in the world. I wish Your Excellency ever greater achievements in the renovation undertaking. I would like to assert here that the Belgian Government will continue to support this undertaking through various bilateral cooperation agreements. The working session chaired by Your Excellency this morning enabled us to review the various domains where our two governments can cooperate for mutual interests. Our efforts to continue the development aid program and important investment projects that are being pursued by Belgian businessmen and supported by the Belgian Government will surely bring about a new dimension in our bilateral cooperation. [End recording]

The banquet proceeded in an atmosphere of friendship and sincerity on the basis of cooperation and mutual understanding. Tomorrow, Prime Minister Jean-Luc Dehaene and the distinguished Belgian guests will visit a number of localities in Vietnam.

SRV: Do Muoi, Nong Duc Manh Receive Belgian Prime Minister

BK2902065496 Hanoi VNA in English 0605 GMT 29 Feb 96

[FBIS Transcribed Text] Hanoi VNA Feb. 28 — Party General Secretary Do Muoi and National Assembly Chairman Nong Duc Manh received here this afternoon on separate occasions the visiting Belgian Prime Minister, Jean Luc Dehaene.

Party General Secretary Do Muoi warmly welcomed Prime Minister Jean Luc Dehaene's visit which, he believed, will bring a new step of development to the Vietnam-Belgium friendly and cooperative relations.

Mr.Muoi said 'the party and people of Vietnam will be grateful to the Belgian people for their strong solidarity and precious assistance to their past struggle for national liberation and reunification and national construction at present.'

He welcomed the Belgian Government's idea to broaden its relations with Asian countries and its desire to make an active contribution to promoting the Asia-Europe cooperation and to the success of the Asia-Europe summit to be held in Bangkok and positively support the relationship between Vietnam and European Union member countries.

Speaking to the Belgian Prime Minister, National Assembly Chairman Nong Duc Manh reaffirmed that in the relations between Vietnam and Belgium, the National Assembly will supervise and speed up the implementation of agreements signed between the two countries for further closing of the friendly ties and multi-faceted cooperation.

For his part, Belgian Prime Minister Jean Luc Dehaene stressed that the Belgian Government will continue granting development aid to Vietnam, promoting the bilateral economic cooperation, encouraging Belgian businessmen to further invest in projects to which Vietnam gives priority.

He assured the Vietnamese leaders of his country's plan to strengthen the friendly and cooperative ties with Vietnam in vocational training for rural labourers, encouragement to businessmen to invest in Vietnam and support Vietnam in its integration into the world.

SRV: Vo Van Kiet, China's Li Peng Meet in Bangkok

BK0103102896 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 1 Mar 96

[FBIS Translated Text] Chinese Prime Minister Li Peng and Prime Minister Vo Van Kiet held a private meeting in Bangkok yesterday, prior to the Asia-Europe summit, to discuss relations between the two countries. The two prime ministers smiled and shook hand for photographers in the meeting hall of a luxury hotel. Both prime ministers wore suits and ties, different than the plain shirts made of Thai silk worn by other leaders during their private meetings at the summit.

Prime Minister Li Peng said all issues would be solved fairly and reasonably in the appropriate order and time. The XINHUA news agency quoted Prime Minister Vo Van Kiet as saying the two countries will gradually work out solutions to longstanding issues.

SRV Paper Views Party Unity, Singlemindedness

BK0103151696 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 29 Feb 96

[Article by Nguyen Anh Lien published in 28 February issue of NHAN DAN: "Study Uncle Ho's Testament and Realize Profoundly the Need To Safeguard Party Unity and Singlemindedness"]

[FBIS Translated Text] Unity was one of the most important issues that Uncle Ho wanted to point out to our cadres, party members, and people in his testament. It was not by sheer coincidence that he wrote in his testament: First of all, about the party. Thanks to its close unity and loyal service to the class, the people, and the Fatherland, since its founding, our party has united, organized, and helped our people advance their zealous struggle from one victory to another. Next, he mentioned the term unity more than six times. We are moved even more profoundly by the final part of his testament in which he said: My last wish is that our entire party and people will unite in their struggle to build a peaceful, unified, independent, democratic, prosperous, and powerful Vietnam, and make a worthy contribution to the world revolutionary cause. He also stressed: Unity is an extremely precious tradition of our party and people. He reminded everyone: All the comrades from the central down to chapter levels should preserve party unity and singlemindedness as they would the apple of their eye.

For more than 26 years after Uncle Ho's death, the revolutionary cause in our country has undergone many ups and downs, facing opportunities and advantages as well as challenges and dangers. Nonetheless, thanks to the fact that our party — first of all the party Central Committee, which serves as the strategic command of the party — was resolved enough and knew how to uphold Uncle Ho's banner of unity, the sense of unity has penetrated into the heart and mind of each party member and each party chapter, thus helping our party increase its wisdom, temper its stalwartness, and continue to lead our people's anti-U.S. national salvation struggle to complete victory with the liberation of the south and the reunification of the Fatherland. Nowadays, we are making constant efforts to advance the national renovation cause from one great and decisive victory to another. It is certain that all party members, cadres, and normal people in Vietnam are strongly moved by the almost absolutely convincing effect of Uncle Ho's famous all-inclusive statement: Unity, unity, great unity; success, success, great success.

Nonetheless, in the past as well as at present, there have been indications of serious and protracted internal disunity among some establishments, localities, agencies, and units. A number of party committee echelons, party or Youth Union organizations, and party affairs committees have not done enough to educate or deal with cadres and party members who perform deeds detrimental to internal unity. A number of cadres and party members, including those who held or are holding key positions, have made positive contributions to the party's glorious cause. Yet, when entering the new stage, they have resorted to infighting to harm one another for many reasons, including limited knowledge, personal gain, power ambition, and conflict of position or interest. Wherever internal disunity prevails, the political environment of the organization is polluted and it is impossible to tell right from wrong or distinguish between black and while. Furthermore, the truth is trampled upon and new or positive elements are repressed. As a result, the prestige and leadership role of party organizations diminished. The resolutions and decisions adopted by party committee echelons and collectives were often disoriented or neutralized, thus making it impossible for the party to bring into play the material and spiritual strength and wisdom of the masses to support the renovation undertaking.

Internal disunity also enables negative and corrupt elements to fish in troubled waters and creates conditions for hostile forces to carry out their subversive scheme against the revolution using inside support.

Uncle Ho once made the following criticism: Whoever they like will be deemed good no matter how bad that person might be; whatever that person does will be considered excellent, and they will try in every possible way to cover for and support each other in their wrongdoing. Whoever they dislike will be considered bad regardless of how good the person might be or how excellent his actions are, and they will try hard to smear and blacken him and give the people they dislike a hard time. This type of malady is extremely harmful to the party as it ruins unification.

Responding to the demands of the new situation and in reference to the teachings of Uncle Ho, in his speech to commemorate the 105th birthday of the late president, Comrade Party General Secretary Do Muoi reminded cadres and party members: Disunity and factionalism, which tarnish the party's prestige, are a crime. At a cadres conference convened in December 1995 by the party Central Committee Secretariat to review experiences learned from party congresses at various levels, Comrade Party General Secretary Do Muoi once again asserted: Internal unity is extremely important. The national history shows that when dynasties did not pay good attention to national construction and protection, or cared more about individual and factional interests, which led to internal disunity, the country was lost to invaders.

That is why from now until the Eighth National Party Congress, the control committees within the party committees at all levels should step up their control work on the preservation of unity within party organizations, especially at hot points, and treat the issue as a top priority. Through their control work, the committees should be able to extract good examples of the preservation of internal unity from model cadres and party members, while striving to reach timely and correct judgments on, as well as measures to rectify, the actions of individuals or agencies that cause internal disunity. These will be positive contributions to the personnel preparation for the party congresses of all levels and the Eighth National Party Congress.

With a brilliant mind and the profoundly broad view of a modern-day party leader, our Uncle Ho has not only shown to cadres and party members the viewpoint, theory, and principles of unity, but he has also showed us the methods and attitudes to achieve internal unity and all-people unity. The most convincing evidence in the advice on unity from Uncle Ho is the extraordinary example he has shown in his life. Uncle Ho usually reminded us: Unity within the party is the core factor for all-people and national unity. Uncle Ho's principles of great unity are the supreme interests of the fatherland and the people and the essential interests of the laboring people. All private and individual interests should be combined harmoniously with those of the community and the nation. The best ways to implement great unity are through mobilization, education, persuasion, setting examples, and treating each other with trust and assistance. Positive indications should be developed and used as a force to repress negative ones.

In his will Uncle Ho wrote: Within the party, the practice of democracy and regular and serious criticism and self-criticism are the best ways to consolidate and develop party unity and unification. He also gave the following reminder: Everybody should nurture comradeship and love each other. The reality from the past several decades, especially in the years of the fierce war that led to countless losses and sacrifices, and then the difficult years of hardship and shortage in the subsequent period, as well as in the several years when the country suffered a temporary socioeconomic crisis, has proved that the major factors that helped our cadres and party members stand firm and advance were the party nature and comradeship. Party nature and comradeship are the rocks as well as the glue to build up unity. Internal unity is the foundation and the necessary condition for the mobilization of the will and energy of cadres, party members, and the people, for the total undefeated strength of the party and the revolution.

Reality also shows that in the units where internal disunity occurred or even developed to the level that the units concerned would be considered hot points, violations of party principles are also widespread, especially violations of the principles of centralized democracy, criticism, and self-criticism. Party members at these places, though living and working together, totally lack comradeship.

At some places disunity has been used as a pretext to cover negative acts by a number of key cadres who are clinging to individualism, money consciousness, and authoritarianism. They seek ways of pleasing the higher echelons while oppressing the lower ones, protecting bad elements, and persecuting good people. At these places, hypocrites have emerged who engage in corruption while advocating measures to oppose negativism; and degenerate party members have emerged also, vociferously calling for efforts to revamp the party. These hypocrites will spare no efforts in luring light-minded persons to form their own group to accuse, smear, and damage the prestige of genuine and faithful party members. In localities where party principles are loosely observed and criticism and self-criticism are neglected, poor quality party members will prevail. These party members tend to be servile toward their superiors and tyrannical toward their subordinates. Some of them have even dodged difficult party internal tasks and thrown the blame on others, while making mistakes in coordinating tasks with other organizations due to the lack of information and proper preparation. These party members tend to exaggerate the results of their tasks to the extent of turning white into black, nontruth into truth, and bad things into good ones. Only by strictly observing the party principles, strengthening rules and regulations, and consistently carrying out the party control work will we be able to promptly detect and expel from the party these degenerate elements.

The party's main objectives in the renovation undertaking are to fulfill the goal of a prosperous people, a mighty country, and an equitable and civilized society. As a result, all people in society and all party members should strive to amass wealth for themselves and for the nation as a whole. These efforts should be encouraged, supported, and welcomed. However, while amassing wealth for society, we should pay attention to strengthening the party control work to ensure that the spirit of comradely mutual assistance is not neglected. In carrying out the control work, we must pay attention to reviewing the discipline and activities of party chapters and committees, youth unions, and party affairs committees. Efforts must be made to review the party internal activities to determine party members who strictly and who loosely implement the party principles and tasks, neglect criticism and self-criticism, and maintain their bad behavior and conduct. This will also enable us to distinguish faithful and competent party members from opportunist members. Through reviewing party internal tasks, we will be able to promptly detect the true nature of unfaithful party members.

To be faithful to the party and people is the significant prerequisite for members of the Communist Party. Their faithfulness can be testified through the implementation of the revolutionary activities, including those in the most dangerous moment of their lives; or in carrying out activities in daily life, the party internal activities, and the struggle to build unity, love, and comradeship affection. Those who take advantage of the party internal activities and use the criticism and self-criticism drive to gain their own interests, distort the truth, cover negative practices, neglect the efforts to protect good things and eliminate the bad ones, conceal their shortcomings, throw the blame on the other, and abuse their authority are those who lack the quality of party membership shown in those who are faithful to the party, the regime, and the people. For this reason, to firmly maintain the party disciplines and to sincerely and consistently conduct criticism and self-criticism are the important tasks to strengthen comradely affection, enhance vitality in the party organization, and consolidate the party unity and singlemindedness.

In celebrating the Lunar New Year and carrying out party organization congresses at various levels in anticipation of the Eighth National Party Congress, we should recall Uncle Ho's testaments so as to fully accomplish our sacred pledges before his death; and we should make our utmost efforts to protect the party unity and singlemindedness as we do for the apples of our eyes, strengthen the party's combativeness, and act as a nucleus for all- people unity, thereby ensuring total victory for the revolutionary cause of the laboring people and the Vietnamese nation.

Australia

Australia: Prime Minister Interviewed on Election Eve

BK0103122196 (Internet) Australian Broadcasting Corporation Online WWW in English 1154 GMT 1 Mar 96

["Full transcript" of an interview with Australian Prime Minister Paul Keating by political reporter Lyndal Curtis over the Australian Broadcasting Corporations' AM service "this morning;" place not given — from the "Election '96 — News Updates" link]

[FBIS Transcribed Text] LC [Lyndal Curtis]: Mr Keating you spent last night in a somewhat reflective mood talking about things important to you, music, great composers, Australian design and aesthetics. Does that reflective mood indicate that perhaps after tomorrow you'll have more time to concentrate on other things.

Keating: Oh no, Just that I was talking to an orchestra, it was as simple as that, an orchestra who we've told um, we'll give um, a quarter of their costs of their new building and I was saying how important it was to get it right. You know and how music lifts the soul and how important it is to a community and the Tasmanian Symphony Orchestra who I was speaking a-course had proved that point. Um, for a provincial orchestra they made a huge national impact.

LC: Why do you deserve to win this election, what's your most potent argument for change?

Keating: Because we have a philosophy for Australia, we have put in place a most sophisticated and comprehensive mix of economic policy with high growth, high employment, low inflation and and a very strong social security safety net, a very good social wage and at the same time we've grafted on to all of that an international policy which gives Australia a really strong place in the world. Now we've never been in that position as a country, not like this, not ever. We've now ah, completed, we're just in the middle of our 17th consecutive quarter of growth um we're, that's the longest growth faze in Australia's history and the inflation rate's still low and the portence for stronger growth are very obvious, that is more investment coming during the year, so I think our, our basis of appeal to the community is to say to them well look, what we've said we'd do we do.

The strongest, the, the hardest things for the government to do are to put in place strong growth, strong employment and low inflation, three years ago I said we'd re-start the economy and we would focus on employment, we've averaged four-and-a-half percent rate of growth in each of the last three years, that's twice the western world average, ah, we've had the strongest employment growth in the western world 700-thousand jobs in three years and we've done it with an underlying inflation rate of three percent.

So in other words we've done the principle things we said we'd do and as well as that we've embarked on so many other things such as reconciliation, a basis of proper reconciliation with our indigenes through Mabo [High Court ruling that Australian common law recognizes prior land rights of Australians], ah building the primary piece of political architecture in the Asia Pacific with APEC [Asia-Pacific Economic Cooperation], a building these big bi- lateral relationships with countries like Indonesia, and at home extending Medicare, keeping it and extending it, extending the social wage ah getting our research and development effort up um and keeping that product innovation coming through.

LC: You've spent much of the campaign running on your record, but when John Howard runs down his list of the bad things, high unemployment, high youth unemployment, a high current account deficit and high foreign debt. Doesn't that show that on an assessment of your record the good has to be taken, or the bad has to be taken with the good.

Keating: Yes but ah, that's the case with any government, but it is the good which is so vital to the community, the growth rate, the employment rate it's all right the Liberal Parties talking about high unemployment but how would they have produced these phnomenal rates of employment growth, um, you know, we set a target of 500- thousand jobs three years ago, Liberal party said ah it's nonsense, we actually achieved 716-thousand. And they talk about the, ah, the national debt. Five per cent of the debt belongs to the government. The rest belongs to private industry and private individuals and it's been borrowed to advance this country's development. And, as I made the point yesterday, we've got 180-billion of national debt but we've already got 320-billion in superannuation fund assets. And we're heading towards 1000-billion, or a trillion, by the year 2010. And the very scheme that's actually going to cover all of those contingencies, cover off our national debt is the one thing John Howard wants to destroy by pulling away its compulsion.

The thing about the Liberal Party, they've come to this election with no philosophy for Australia, Mr Howard had a chance at his policy launch to actually lay down a road map some philosophy about where it would take the Liberal Party, er, where the Liberal Party would take Australia. They don't believe, the Liberal Party, has in itself any intrinsic worth and merit that would itself, get it elected. They think they've got to offer things, they've gotta buy votes. So Mr Howard's gone out with the biggest spending spree that any leader in modern politics has ever undertaken. He's gone out there with, as if there's no tomorrow, with a seven billion set of expenditures, all on the basis that if they don't buy people, they don't get elected. And what we've established is that those seven billion of commitments are largely unfunded.

LC: But have you come back enough in this campaign, have you got your message across enough in this campaign to win tomorrow?

Keating: Well I think we have, look at all the things the Liberals are running on. Small business. That's unravelled on them. Mr Bastion of COSBOA [Council of Small Business Organizations of Australia], the over-arching small business organisation, says that the Liberals had walked away from any commitments to them on this question of unconscionable conduct, that's stopping large company's knocking small companies about. We had Justice Wilcox coming out and saying what you are saying about unfair dismissal had no basis to it. On the environment their policy was set up on Telstra the sale of Telstra, the environment movement has now largely walked away from them. Um. They said they'd have a proposal to knock our socks off on the tax on savings, I mean that's worth, after we've seen it, somewhere between five and 20 cents a week to the average person. And their costings, their seven billion of costings, has got a four billion dollar hole in it.

So this is the whole basis of their appeal. Um, this is the whole reason, um, why we should elect a Liberal government. And I just notice today in the Herald Sun in Melbourne which has actually editorialised in favour of the Coalition that this is their punchline, they say this, after a long editorial, all we can say is that a vote for the Coalition is unlikely to do Australia any long term harm, but would do our democracy some good. We wish we could be more positive. Time will tell whether we should have been. Well it's hardly a ringing endorsement for a Coalition that's now said that they've got all the answers, from a newspaper a newspaper that's actually supported them.

LC: The Fairfax Papers, in their editorials, advocated a vote for the Coalition, many other papers haven't advocated a vote for either side. Is that indicative of the general mood in the community that, that, they may not want to re- elect you but the Coalition hasn't made out a case why they should vote for them?

Keating: I don't think, the Coalition hasn't made out a case, I mean basically you see, this idea that you've got to buy people, that you have no intrinsic worth or good, that you have, you don't have a philosophy, like John Howard said "I'm relaxed and comfortable with the present. I'm relaxed and comfortable with the future." In other words we can all just nod off.

LC: But do you, do you think people really want to vote for the government or do you think that, that maybe they think they've had enough of Labor and are just looking for a reason to change?

Keating: I think they think Labor's been in office a long time. But in reality the government's three years old. Half this Cabinet wasn't there three years ago. The energy of the Cabinet room, you can't get a word in edgewise in that, er Cabinet. The quality of the work, and look at the quality of the teams. I mean, I've got with me, Kim Beazley as Deputy Prime Minister, Ralph Willis as the Treasurer, er Gareth Evans as the Foreign Minister, Robert Ray as the Defense Minister, Simon Crean doing the DEET [Department of Employment, Education, and Training] job, Laurie Brereton doing the big transport things. You know, John Howard would have Tim Fischer as his Deputy Prime Minister. He'd have Alexander Downer, a person who does not have the respect of his own party, he'd be the one out there seeking to earn respect for Australia. He'd have Bronwyn Bishop, er, er, looking after Telstra. Peter Costello, who I don't think has said an interesting or positive word about Australia's future would be the Treasurer.

LC: You talked yesterday about your government setting new standards for accountability and for truth. Isn't there a perception that Ralph Willis, in dealing with the forged letters, didn't do enough to uphold those standards?

Keating: No. I mean there's no way Ralph would have gone out there and put these things in the public domain if he didn't think they were right. I mean, the fact that he made an error of judgement is just that. But look at his long record and the quality of his work. No, what we've got here I think is a Coalition, I mean they've tried to say look, they're actually advertising saying that their policies and ours are the same on Medicare, the same on industrial relations and the same on the environment and of course they are not. They are not. But, if they're saying Labor's policies are right on these things, why wouldn't the architects of the policies continue to run Australia.

I mean why would we have the photocopiers. You know, why would we have the carbon copy. Um, they, they, never had a rational, all they sought to do is say look, their subliminal message is to say, we think it's time for a change. And we say "oh, yes, to what." And they say to look just like you. We think it's time for a change to look just like the government. Now that's about the weakest basis that any party's ever put from opposition to become the government. That they'd like to have a change to look just like the government.

LC: Michael Lavarch, your Attorney General is predicting you'll lose around five seats in Queensland and there's also predictions you'll lose seats in New South Wales, is that the way you think things will go?

Keating: I think the government's in there with a good chance to win the election, I think we can win it and I think when people think about the issues, now if they vote for John Howard and they wake up with him on March the third, they're not going to wake up with him for three months, or for six months, they'll be stuck with him. They won't have an accord, they won't have a consensual wage model in the economy, they won't have that co-operation and they won't have low inflation. And they won't have therefore low interest rates. They won't have a universal health insurance scheme because you'll have Medicare but increasingly it'll be, in name only. You won't have universal superannuation in its present form. They won't give a nine to 14 dollar a week increase in the safety net because they're going to degrade the awards. They won't have the drive into Asia because basically they don't, believe, believe, believe in it. All the other elements of the social wage, the support for families through FASS [expansion unknown], they'll have large cuts in government expenditure and the commitments we've made to education in areas such as TAFE [technical and further education] and universities, you won't see that growth commitment in the future. The fact is that the Opposition is not a social democratic party, it's a deeply conservative party and it will do its best to chop through all those areas that we think have been important to the community.

LC: You've been in politics around 26 years, you've been in the government since 1983, Prime Minister since 1991, it's a long time in public life. What do you do if you wake up on Sunday and it's no longer there?

Keating: Oh, I've got a stack of interests, but my main interest has been advancing Australia. I mean, I've taken the view that as a minister and Prime Minister I didn't want to lush out, L-U-S-H, lush out like so many other governments have done in the past. Throw all the big issues off, turn your back, kid they're not there, hide from them, sweep them under the carpet. I've taken all the big ones on — our exchange rate, our competitiveness, the inflation rate, the wage system, the leap into Asia, the strength in education, all the big 'uns, all the big ones. And, for Australia to now go back to somebody who left us with double digit inflation and double digit unemployment, and to begin to hire someone to take us through to the next century, who's really more comfortable with the middle of this century, to start the new century on the back foot would be for me, in Australian terms, unthinkable.

LC: Will you win?

Keating: I think we will. I think we'll win. And I think we'll win because when people come down to it, they'll say we'd be turning out the government that has most effectively re-positioned Australia. That's underwritten its future in the strength of its economy and its relationships, trading relationships with the rest of the world and has given us at the same time social cohesion of a kind we haven't had. And before they put that asunder, I think people will think very hard.

LC: Mr Keating, thanks for joining AM.

Keating: Thanks indeed.

Australia: Opposition Leader 'Confident' but Not 'Complacent'

BK0103080596 (Internet) Australian Broadcasting Corporation Online WWW in English 0422 GMT 1 Mar 96

[From the "Election '96 — News Updates" link]

[FBIS Transcribed Text] Opposition leader John Howard has completed a walk through Sydney's business district, his last scheduled public appearance of the election campaign.

Mr Howard's predicting a tight election outcome, calling on the supporters of the Liberals and the Nationals not to take anything for granted.

He says he is confident but by no means complacent.

Australia: Coalition Leading Labor Amid Letter Controversy

BK0103030496 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 1 Mar 96

[Article by Steve Burrell]

[FBIS Transcribed Text] THE Coalition has surged ahead of Labor in the marginal seats that will decide the election, as the "forged letter" controversy embroiling the Government strips away its support in the final days of the campaign.

The latest AUSTRALIAN FINANCIAL REVIEW-Seven Network poll of Australia's twelve most marginal electorates, conducted by AMR:Quantum Harris on Tuesday and Wednesday nights, shows the Coalition's lead has rocketed to 13 points.

The 52 per cent to 39 per cent lead - with 9 per cent still undecided - compares with a gap of only five points on a two-party preferred basis in the previous poll, taken last week.

The poll suggests that the forged letter affair embroiling the Treasurer, Mr Ralph Willis, has had a massive impact on the Labor vote in the key marginals.

The first half of the poll, taken on Tuesday evening, showed Labor closing the gap to be within 3 points of the Coalition, 47 per cent to 44 per cent.

But the second phase of the poll, after the release of the letters and their subsequent exposure as forgeries, shows the Coalition lead surging to 22 points, 57 per cent to 35 per cent.

While the smaller size of the two samples means the margin for error increases to plus or minus 5 percentage points, from plus or minus 3.2 percentage points for the poll as a whole, the huge shift suggests that the letters affair badly damaged Labor at a crucial point in the campaign.

The extent of the setback may prove temporary, reflecting only an immediate knee-jerk reaction.

But while Labor could recover some of this lost ground in the dying days of the campaign, Mr Willis' error of judgement appears to have seriously derailed the Government's re-election drive as it was winding back the Coalition's big lead in the crucial final week.

The AMR:Quantum Harris computer assisted telephone poll involved 1,015 voters in the marginal electorates of Macquarie, Page and Gilmore in NSW, McMillan, Bendigo and Chisholm in Victoria, Hinkler, Moreton and Forde in Queensland, Swan and Canning in WA, and Bass in Tasmania.

Ten are Labor-held seats and two, Chisholm and Forde, are held by the Coalition.

The poll also suggests the letters affair has undermined Labor's attempts to make leadership a vote-winning campaign issue, eroding the advantage the Prime Minister, Mr Paul Keating, has held over the Opposition Leader, Mr John Howard, in the preferred Prime Minister stakes.

Mr Howard now leads as preferred Prime Minister by 41 per cent to 40 per cent, a 3 percentage point swing to Mr Howard since last week's poll.

Labor's advantage as the party seen as best able to provide leadership has also been reversed, with a similar swing putting the Coalition ahead at 39 per cent to 37 per cent.

The AFR-Seven Network poll suggests that the Government continues to lose ground in the Labor-held marginal seats crucial to its survival. The poll shows that the Coalition has increased its lead in the 10 Labor-held seats surveyed to 13 points - 52 per cent to 39 per cent - from the five percentage point gap recorded in the previous poll on 20-21 February.

Labor must defend a raft of vulnerable marginals it holds in Queensland and NSW, or make big offsetting gains in other States, to cling to Government.

In further bad news for Labor, the Coalition appears to have tightened its grip on the two marginals it holds, increasing its lead to 51 per cent-41 per cent.

Labor's four point lead in Western Australia has also been destroyed, reversing to a 52 per cent-34 per cent margin in favour of the Coalition.

However, Labor closed the gap in the NSW marginals, narrowing the previous margin of 12 points to a Coalition lead of 49 per cent to 41 per cent.

Labor has also slightly improved in the Queensland marginals, where the advantage for the Coalition narrowed by four percentage points.

These State breakdowns have to be treated with caution, however, because of the small size of the sample of voters polled in each State.

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